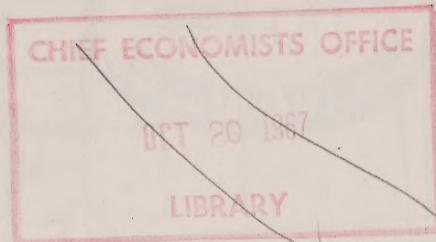




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ITALY

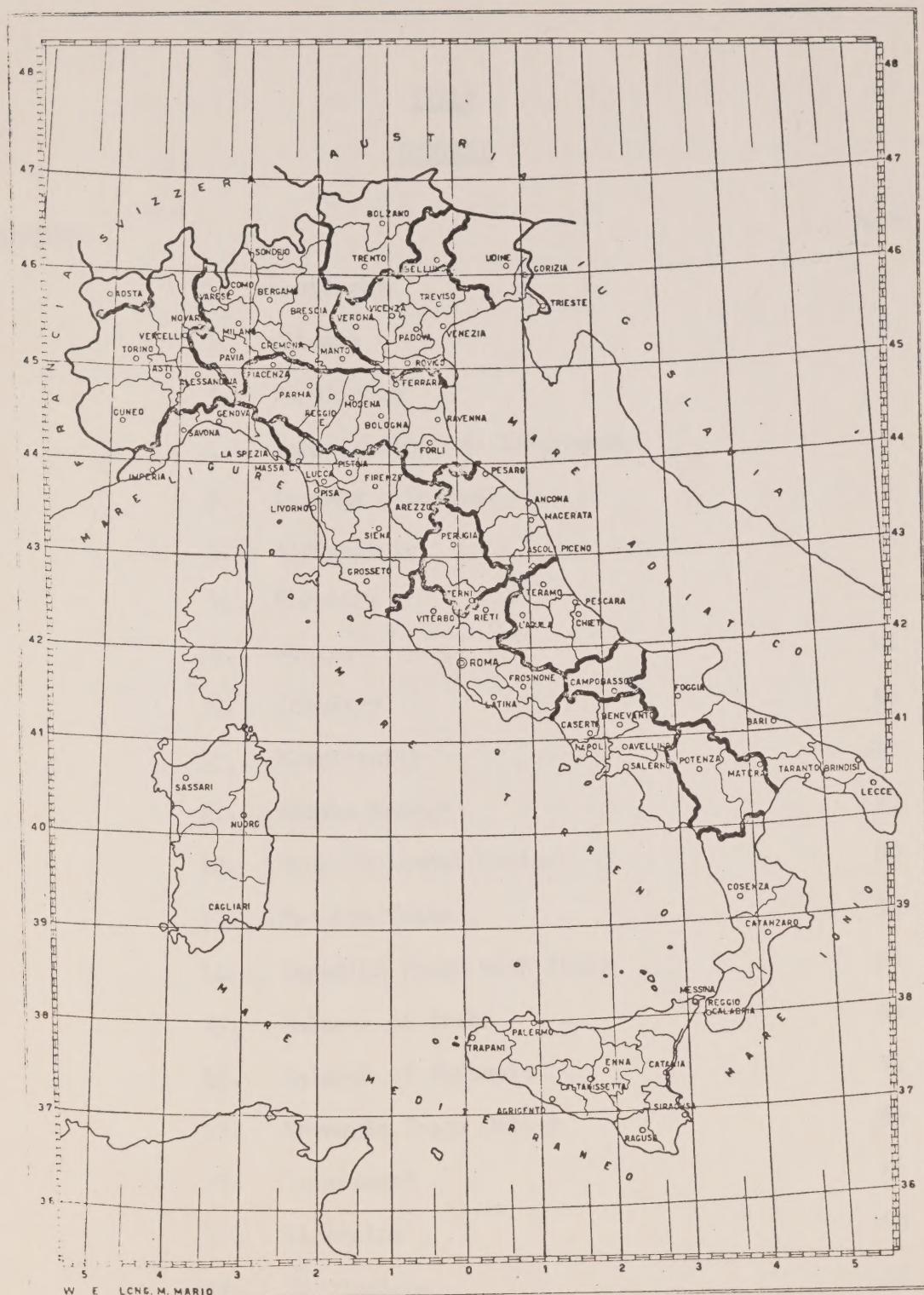


June 15, 1966.
Revised May 1967.

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ITALY



SOURCE: INSTITUTO CENTRALE DI STATISTICA



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ITALY

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ITALY

1. Geography

Italy is a peninsula about 730 miles long and 150 miles wide at its widest point. It is an area of 116,305 square miles and has common land borders with France, Switzerland, Austria and Yugoslavia. Italy occupies a central position in the Mediterranean Sea with three of its basins: Tyrrhenian Sea on the west, the Ionian Sea on the south and the Adriatic Sea on the east. Included under Italian territory are the two islands of Sicily and Sardinia.

Italy's topography is generally rugged and mountainous. While the Alps constitute the northern boundary, the configuration and internal geography of Italy is determined by the Appennine chain which forms the backbone of Italy.

The only large river in Italy is the Po, which flows from west to east. There are also numerous streams and some small rivers, such as the Arno and Tiber.

Italy may be divided into three major economic regions:

- 1) the Pasture-Power-Tourist Zone, which includes the rugged Italian Alps and the north coast on the Ligurian Sea.
- 2) the Agricultural-Industrial Core, which includes the North Italian Plain and the adjoining foothills. It constitutes the economic heartland of the country.
- 3) Stratified-Agricultural Zone, includes southern and insular Italy.

The geographical position of Italy is favourable. It is in close proximity to low cost raw materials from the Middle East and is accessible to inexpensive sea transportation. Other economic advantages are - short-haul rail communications with France, Switzerland, Germany, Czechoslovakia, Yugoslavia, Austria and other continental countries.

Italian industrial activity is prominently concentrated in the Northern and Central areas. The Northern industrial triangle formed by lines joining Milan, Turin and Genoa is a region of intense economic activity. It is estimated that over 60% of the manufacturing and over 75% of Italian Trade is derived from this area. This part of Italy is comparable in income and living standards to other West European countries (West Germany, France and Great Britain). The greater Milan area contains 6% of the total population of Italy and has the highest per capita income in Italy. In this area is Genoa, Italy's main seaport and one of the major ports in Europe.

The other section of Italy, from Rome southward and including Sicily and Sardinia, is an underdeveloped area with a per capita income that is only three-fifths of the national average.

Recently special attention has been given to the promotion of industry in the South. Special measures favouring industrial location in the South are: tax and credit incentives, the creation of special financing bodies, transportation incentives and Government investments.

2. Climate

In Italy the climate is irregular with great variations between the north and south. The climatic frontier between Italy and Central Europe is formed by the Appennines rather than by the Alps.

The great plain of northern Italy has winter climate with cold winds from the Alps. Warm winds from the Mediterranean are, to a great extent, intercepted by the Ligurian Appennines. The summers are warm. Differences in climate and temperature in central Italy vary with proximity to the mountains.

Southern Italy has in general a very mild climate.

The temperature in Italy as a whole, for the last decade, has averaged a low of 49° F. and a high of 65° F.

3. Population

In 1965 the Italian population totalled 51,575,000. According to a survey made by the Institute of Economic Statistics in Rome, the Italian population should reach 54 million by 1971 and more than 57 million by 1981.

In Italy, there are 171 inhabitants per square km. The percentage of natural increase (1) is +0.7. The population is most highly concentrated in the industrial triangle formed by Milan, Turin and Genoa in the North-west area, and around Rome, Naples and other major cities.

Immediately after the Second World War, Government policy in Italy was aimed at limiting the growth of population and labour force by favouring emigration. But this policy offered little relief, since much of the world remained closed by stringent immigration laws.

The Government also attempted to redistribute the labour force between the North and the South.

Despite Government's desire to hold urban growth, the proportion of the total labour force engaged in agriculture decreased significantly. At the Second World War's end, about half of Italy's work force was engaged in agriculture. Today only 26.1% of Italy's workers are in agriculture, and 73.9 are in industry or services.

NOTE: (1) Annual average 1955 - 1965.

Persons employed in Agriculture, Industry and other sectors, and the unemployed labour from 1959 to 1964, was as follows: (1)

| | Agriculture 000's | Industry 000's | Other Sectors 000's | Total 000's | Unemployed (2) 000's |
|------|----------------------|-------------------|------------------------|----------------|-------------------------|
| 1959 | 6,847 | 7,176 | 6,146 | 20,169 | 1,117 |
| 1960 | 6,567 | 7,388 | 6,181 | 20,136 | 836 |
| 1961 | 6,207 | 7,646 | 6,319 | 20,172 | 710 |
| 1962 | 5,810 | 7,810 | 6,330 | 19,950 | 611 |
| 1963 | 5,295 | 7,986 | 6,349 | 19,630 | 504 |
| 1964 | 4,967 | 7,996 | 6,618 | 19,581 | 549 |

In the above table three things are notable: the manpower shift from agriculture to industry, the decrease of unemployment and the shrinkage in the labour force, despite the fact that during this period the population increased by over 1 million persons.

The total civilian occupied manpower in Italy, 1965, was 19,011 thousands, of which:

26.1% in agriculture
40.6% in industry
33.3% in other occupation (3)

NOTE: (1) Data for each year corresponds to the averages from four sample surveys made every 12 months by the Institute of Statistics.

(2) The column "unemployed" includes people who were not employed and those seeking work for the first time. Unemployed persons were those of not less than fourteen years of age, who lost their original employment, and who were seeking a new job.

SOURCE: Italy, Documents and Notes

(3) SOURCE: O.E.C.D. Observer.

4. Constitution and Government

A national election and referendum were held on June 2, 1946. The referendum decided in favour of a republican form of government and the newly elected representatives formed a Constituent Assembly.

The new Constitution was approved in December 1947 and became effective in January 1948. It provided for a bicameral Parliament, for the institution of a president of the republic and for some regional autonomy in Sicily, Sardinia, Trentino and Aosta. The Constitution has not undergone any substantial modification since that time.

Legislative power belongs to the two houses collectively. In the Italian Constitution there also exists a "referendum". It must be held if it is asked for by 500,000 electors or by five regional councils.

From 1950 to 1960 Governments in Italy were formed by the Christian Democratic Party with the support of other parties.

Fragmentation of political parties has been largely responsible for governmental instability since 1946.

The largest party, the centrist Christian Democrats, has been unable to muster a majority in the lower house.

In recent years the Christian Democratic party has turned more and more to the left for support, and found it in the socialist parties.

Recent Governments have been Centre-Left Coalitions, comprising Christian Democrats, Socialists, Social Democrats and Republicans with Mr. Aldo Moro as Prime Minister.

The present president of Italy is Giuseppe Saragat, elected on December 28, 1964. The position and powers of the President of the Republic are carefully defined in the new Constitution.

Although the democratic parties have always received a clear majority in the popular vote, the Italian Communist Party has considerable strength. The Communists in Italy are becoming more Italian and reformist and less Moscow bound and revolutionary.

It can be assumed that the formation of a centre-left Government has a negative effect, on private investment plans. Entrepreneurs feel that the bargaining power under these circumstances shifts in favour of wage-earners and that State activity in the economy expands.

5. Economy - General

During the Second World War, the Italian industry was almost entirely destroyed. Following the devastation, Italy embarked on an era of industrial expansion. In the first years after the Second World War, financial transfers from abroad, particularly American aid, represented an important aspect in the recovery of the economy.

After the Second World War, Italy has turned from a predominantly agrarian and overpopulated country into a fast growing urban industrial society.

This post-war recovery was remarkable. From 1952 through to 1962 the average annual increase in industrial production was 9.2%, a record high among Western European countries. This industrial growth was the result of an important structural change. Italian companies had to rebuild their plants and install new equipment. Italian industrial efficiency then matched that of any other manufacturing country.

From 1949 to 1960, there was constant and stable growth in the Italian economy. The G. N. P. increased at a yearly rate of 6%. The increase in consumption was less rapid than that of income, and savings progressively increased.

Economic development was also enhanced by the discovery of important mineral resources - gas, oil and potassium.

The rapid development of the Italian economy over the past 15 years has generally been regarded as an "economic miracle". The Italian economy has recorded the highest growth rate of the six EEC members.

While the South of Italy has advanced since 1950 to more tolerable conditions, the gap between it and the North has gotten no narrower. There was a hopeful surge in 1963 and 1964, when the massive investment projects were going into effect. Most of them were carried out by state industries under a law compelling it to locate 60% of all their investments in the South. The program for the development of the South has been extended until 1980.

At the end of 1962, however, Italy's economic boom gathered too much momentum and in the northern industrial areas a labour shortage developed.

Labour shortages in the northern industrial areas, however, are only a temporary phenomenon. Italy is the only West European country, which still has a large supply of agricultural labour. This can be used in the industrial centres. Full employment is one of the main long-term economic objectives in Italy. In geographical terms, industrial expansion in the north is being accompanied by the creation of new industry in the agricultural areas of the south, formerly depressed and underdeveloped.

Italy is now a modern industrial state. Italy's economy is healthy.

It expanded further in 1966 with only a moderate increase in cost and prices.

6. Agriculture

Italy's agriculture is varied in many aspects. There are contrasts in climatic and soil conditions and great differences in the size of farms and the use of mechanization and modern techniques.

The near stagnation in agricultural production in Italy in the past reflected the growing technological lag in this sector. It was becoming less and less able to withstand the adverse impact of the continuing decline in the labour force, and at the same time foreign competition was being felt both in the domestic market and abroad.

Neglect of agriculture has been a major mistake in the past.

The agricultural land reform in Italy began in 1950. This reform resulted not only in a re-distribution of the land property; it also meant an increase in the production of large areas, previously used for extensive cultivation. The reform included the provision of irrigation net-works, houses, livestock and agriculture machinery.

Use of agricultural land in Italy (1961) was as follows:

| Thousand Hectares | <u>Cultivated Area</u> | | | | Unused but Potentially Productive | Forest Land | Total Agricultural & Forest land |
|----------------------|------------------------|---------------|----------------------|-------|-----------------------------------------|----------------|----------------------------------------|
| | Ground Crops | Tree Crops | Permanent Pasture | Total | | | |
| 13,118 | 2,715 | 5,097 | 20,930 | 1,006 | 5,826 | 27,762 | |
| % | 47.2 | 9.8 | 18.4 | 75.4 | 3.6 | 21.0 | 100.0 |

Source; Italy - Documents and Notes

Most farmers in Italy are handicapped by tiny holdings. More than a million owners till less than one acre each, and 650,000 farmers cultivate approximately one-half acre each.

Distribution of farms and holdings in Italy per number and size was as follows (1962):

| <u>CATEGORY</u> | <u>FARMS</u> | | <u>AREA</u> | | <u>AV. SIZE (Ho)</u> |
|---------------------|---------------|----------------|-----------------|----------------|--------------------------|
| | <u>NUMBER</u> | <u>PERCENT</u> | <u>HECTARES</u> | <u>PERCENT</u> | |
| Up to 1 Ha | 1,421,510 | 33.06 | 714,087 | 2.69 | 0.50 |
| From 1.01 to 3 Ha | 1,296,556 | 30.15 | 2,460,367 | 9.25 | 1.90 |
| From 3.01 to 5 Ha | 566,811 | 13.18 | 2,239,934 | 8.42 | 3.95 |
| From 5.01 to 10 Ha | 560,330 | 13.03 | 3,972,722 | 19.94 | 7.09 |
| From 10.01 to 25 Ha | 332,563 | 7.74 | 4,994,683 | 18.78 | 15.08 |
| From 25.01 to 50 Ha | 73,483 | 1.71 | 2,508,771 | 9.43 | 33.74 |
| Over 50 Ha | 48,610 | 1.13 | 9,708,388 | 36.50 | 199.72 |
| TOTAL | 4,299,863 | 100.00 | 26,598,352 | 100.00 | 6.19 |

SOURCE: Presidency of the Council of Ministers: Italy, Documents and Notes.

Note: 1 hectare (ha) = 2.471054 acres.

Italian agriculture has shown some noteworthy progress in recent years.

It reflects gains in productivity, resulting from the increased use of fertilizers and greater mechanization.

The acreage, production and yield of the principal crops in Italy, 1965-1966, were as follows:

| Products | Average 1936/39 | Average 1955/59 | 1965 | | | 1966 | | |
|---------------------------------------|--------------------------------------|--------------------------------------|-----------------------------|--------------------------------------|----------------------------|-----------------------------|--------------------------------------|----------------------------|
| | Pro- duction (in '000 tons) | Pro- duction (in '000 tons) | Acreage (in '000 ha.) | Pro- duction (in '000 tons) | Yield (tons per ha.) | Acreage (in '000 ha.) | Pro- duction (in '000 tons) | Yield (tons per ha.) |
| <i>Cereals:</i> | | | | | | | | |
| Wheat | 7,551 | 8,990 | 4,290 | 9,777 | 2.28 | 4,274 | 9,406 | 2.20 |
| Rye | 138 | 106 | 48 | 83 | 1.74 | 46 | 83 | 1.79 |
| Barley | 222 | 288 | 186 | 285 | 1.53 | 179 | 253 | 1.41 |
| Oats | 566 | 544 | 367 | 527 | 1.44 | 358 | 477 | 1.33 |
| Rice paddy . . | 776 | 734 | 126 | 481 | 3.82 | — | — | — |
| Maize | 2,960 | 3,532 | 1,027 | 3,316 | 3.23 | — | — | — |
| <i>Legumes for seed:</i> | | | | | | | | |
| Broad Beans . . | 635 | 464 | 412 | 438 | 1.06 | 402 | 397 | 0.99 |
| Kidney Beans . . | 162 | 164 | 281 | 163 | 0.58 | — | — | — |
| Peas | 18 | 12 | 9 | 8 | 0.89 | 9 | 8 | 0.93 |
| Chickpeas . . . | 39 | 50 | 60 | 41 | 0.68 | 57 | 40 | 0.70 |
| Lentils | 13 | 15 | 18 | 12 | 0.70 | 18 | 11 | 0.65 |
| Sundry | 61 | — | 57 | 54 | 1.90 | 47 | 44 | 1.90 |
| <i>Potatoes and green vegetables:</i> | | | | | | | | |
| Potatoes | 2,716 | 3,520 | 348 | 3,548 | 10.19 | — | — | — |
| Broad Beans . . | 90 | 101 | 24 | 137 | 5.83 | 23 | 117 | 5.12 |
| Kidney Beans . . | 49 | 150 | 43 | 248 | 5.77 | — | — | — |
| Peas | 80 | 153 | 51 | 231 | 4.55 | 52 | 251 | 4.87 |
| Tomatoes | 952 | 2,018 | 127 | 3,177 | 25.03 | — | — | — |
| Asparagus | 12 | 25 | 6 | 32 | 5.54 | 6 | 35 | 5.95 |
| Artichokes . . . | 76 | 222 | 55 | 539 | 9.77 | 60 | 580 | 9.73 |
| Thistles, Fennels and Celery . . | 128 | 272 | 23 | 463 | 55.40 | — | — | — |
| Cabbages | 459 | 748 | 35 | 669 | 18.92 | — | — | — |
| Cauliflowers . . . | 270 | 563 | 36 | 690 | 18.90 | — | — | — |
| Onion and Garlic . . | 149 | 351 | 31 | 507 | 27.41 | 31 | 502 | 27.70 |
| Muskmelons and Watermelons . . | 398 | 500 | 37 | 870 | 44.99 | 39 | 905 | 44.06 |

| Products | Average 1936/39 | Average 1955/59 | 1965 | | | 1966 | | |
|------------------------------------|--------------------------------------|-------------------------------------|------------------------------|----------------------------|-----------------------------|--------------------------------------|----------------------------|---|
| | Pro- duction (in '000 tons) | Pro- duction (in '000 ha.) | Acreage (in '000 tons) | Yield (tons per ha.) | Acreage (in '000 ha.) | Pro- duction (in '000 tons) | Yield (tons per ha.) | |
| <i>Industrial crops:</i> | | | | | | | | |
| Tobacco | 43 | 78 | 55 | 73 | 1.33 | — | — | — |
| Sugar Beets . . . | 3,272 | 8,312 | 282 | 9,075 | 32.19 | — | — | — |
| Hemp | 110 | 28 | 9 | 10 | 1.18 | — | — | — |
| Flax | 3.8 | 10 | 5 | 4 | 0.87 | — | — | — |
| Cotton | 5.3 | 26 | 14 | 12 | 0.82 | — | — | — |
| Oil Seeds | 9.1 | 27 | 12 | 20 | 6.91 | — | — | — |
| <i>Sundry:</i> | | | | | | | | |
| Grapes | 6,159 | 9,366 | — | 10,730 | — | — | — | — |
| Olives | 1,426 | 1,456 | — | 2,217 | — | — | — | — |
| Oranges | 326 | 652 | — | 993 | — | — | — | — |
| Tangerines . . . | 53 | 108 | — | 176 | — | — | — | — |
| Lemons | 327 | 351 | — | 539 | — | — | — | — |
| Bergamot | — | — | — | 38 | — | — | — | — |
| Other citrus fruit | 32 | — | — | 4 | — | — | — | — |
| Apples | 288 | 1,405 | — | 2,185 | — | — | — | — |
| Pears | 197 | 466 | — | 962 | — | — | — | — |
| Peaches | 231 | 549 | — | 1,300 | — | — | 1,423 | — |
| Apricots | 25 | 36 | — | 71 | — | — | 77 | — |
| Cherries | 67 | 147 | — | 196 | — | — | — | — |
| Plums | 52 | 86 | — | 137 | — | — | — | — |
| Quinces and Po- mgranades . . . | 9.8 | — | — | 19 | — | — | — | — |
| Almonds | 180 | 150 | — | 226 | — | — | — | — |
| Hazelnuts | 22 | 37 | — | 60 | — | — | — | — |
| Nuts | 48 | 58 | — | 70 | — | — | — | — |
| Fresh figs | 306 | 307 | — | 247 | — | — | — | — |
| Dried figs | 84 | — | — | 30 | — | — | — | — |
| Fodder | 30,140 | — | 10,294 | 36,275 | 6.98 | — | — | — |
| Mulberry Leaves | 977 | — | — | 365 | — | — | 339 | — |
| Carobs | 57 | 68 | — | 56 | — | — | — | — |
| Wine (1) | 38,247 | 59,727 | — | 68,793 | — | — | — | — |
| Oil | 229 | 252 | — | 417 | — | — | — | — |

NOTE: (1) Production in thousands of hectolitres.

SOURCE: Bolletino Mensile di Statistica and Annuario
dell agricultura Italiano.

In the agricultural sector, imports have had to fill the growing gap between supply and demand. Fruits and vegetables are the only crops whose production has recently met domestic needs, with a substantial quantity left over for exports.

The share of Italian food consumption supplied by Domestic Production, in percentage, 1955 - 1965, was as follows:

| Item | 1955 Percent | 1960 Percent | 1964 Percent | 1965 Percent |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Bread and cereals | 94.5 | 74.1 | 74.2 | 73.1 |
| Wheat | 93.9 | 77.9 | 92.9 | 103.8 |
| Corn ¹ | 80.0 | 70.3 | 53.7 | 41.7 |
| Meats | 88.1 | 78.8 | 73.4 | { (2) |
| Beef | 84.5 | 68.1 | 54.4 | |
| Fish | 63.2 | 57.7 | 61.9 | { (2) |
| Eggs and dairy products | 98.1 | 97.7 | 96.2 | |
| Cheese | 100.0 | 104.5 | 96.1 | { (2) |
| Fats and oils ³ | 86.3 | 89.5 | 70.5 | |
| Sugar, coffee, cocoa | 87.9 | 84.8 | 70.8 | { (2) |
| Sugar | 97.1 | 93.0 | 76.8 | |
| Beverages, alcoholic | 102.3 | 104.4 | 115.9 | 108.1 |
| Fruits and vegetables | 120.3 | 117.7 | 113.4 | { (2) |

NOTE: (1) Quantity used as human food irrelevant and decreasing annually.

(2) Not available

(3) Production of seed oils from imported oil seeds is counted as domestic production.

SOURCE: Central Institute of Statistics (I.S.T.A.T.)

Mechanization of Italian agriculture has recently been improving. At the end of 1966, roughly 461,000 tractors were in operation, up from 420,000 in 1965. This mechanization is indispensable because each year the proportion of the labour force engaged in agriculture declines.

Italian agriculture is soon to be faced with the creation of the Common Market unified agricultural agreement. But there are some difficulties. The cost of Italian production of meat and wheat are high partly because

the mountainous terrain and small holdings make highly mechanized agriculture difficult and partly because the climate and the terrain, except in the Lombardy plain, make fodder more expensive than in other EEC countries.

In order to develop its agriculture, the Italian Government began with its "Green Plan" which is concentrating on the consolidation of holdings and the promotion of co-operatives to develop food processing and storage. It hopes that this plan will cause major changes in Italian agriculture. For purposes of this plan a financial budget of as much as 550 billion lire is foreseen.

In the period, 1961-1963, the livestock population decreased (with the exception of pigs). Cattle breeding has not satisfied the increased demand for home consumption of meat and the demand by subsidiary industries based on the conversion of animal products, such as milk and meat (sausages).

According to the Europa Yearbook, livestock in Italy, 1962 - 1964 was as follows (000):

| | CATTLE | SHEEP | GOATS | PIGS | HORSES, MULES, ASSES |
|----------|---------|---------|---------|---------|-------------------------|
| 1962 . . | 9,827.0 | 8,084.0 | 1,327.0 | 4,555.0 | 1,226.0 |
| 1963 . . | 9,189.0 | 7,857.0 | 1,278.0 | 4,684.0 | 1,103.0 |
| 1964 . . | 8,974.0 | 7,710.0 | 1,215.0 | 5,027.0 | 1,049.0 |

Fishing in Italy, 1961-1964, was as follows (metric tons):

| | 1961 | 1962 | 1963 | 1964 |
|-----------------|---------|---------|---------|---------|
| Molluscs . . | 36,255 | 37,891 | 36,918 | 41,955 |
| Crustaceans . . | 9,716 | 9,304 | 8,312 | 9,726 |
| Other Fish . . | 160,712 | 146,412 | 159,405 | 170,626 |

7. Forestry

According to the United Nations, Food and Agricultural Organization, the forestry situation in Italy in 1950 and 1960, was as follows:

| | | <u>1950</u> | <u>1960</u> |
|---------------------------|-------------------------------|-------------|-------------|
| Forest Area | Million ha. | 5.63 | 5.83 |
| Growing stock | Mill. cu. metres without bark | 311.0 | 290.0 |
| Average net annual growth | Mill. cu. metres without bark | 10.1 | 10.1 |
| Felling | Mill. cu. metres without bark | 14.8 | 9.7 |
| Loses | Mill. cu. metres without bark | 1.3 | 0.3 |
| Forest removals | Mill. cu. metres without bark | 13.48 | 8.84 |
| Other removals | Mill. cu. metres without bark | 9.24 | 9.75 |
| Total removals | Mill. cu. metres without bark | 22.72 | 18.59 |

The forests in Italy are predominantly broad-leaved and mostly coppice. In common with most of the forests of the Mediterranean region, the forests in Italy are at present in poor condition.

In Italy, forests represent 19 percent of land area (1960). By species composition of forests in use, 20 percent of the total were coniferous and 80 percent broad-leaved.

In Italy new planting is an integral part of a long-term plan designed to increase Italy's total removal by 8-10 million cu. metres a year, almost all of which would be used industrially.

8. Mining

Mineral deficiency in Italy is the major handicap to industry.

Italy possesses only negligible resources of coal, lignite, petroleum and iron ore, and is even poorer in most other resources needed by industry.

The major exceptions consist of sulphur, mined from old volcanic deposits, and mercury.

Other minerals, of little more than local or regional significance, include bauxite, lead, zinc, pyrites, silver and manganese. Italy is rich in building stone.

Selected mining production, 1938 - September 1966, was as follows:

(output in '000 of metric tons)

| Commodities | 1938 | 1964 | 1965 | January-September | |
|-------------------------------|------|---------|---------|-------------------|---------|
| | | | | 1965 | 1966 |
| <i>Metalliferous ores</i> | | | | | |
| Bauxite | 9.5 | 236.1 | 244.4 | 174.5 | 187.1 |
| Antimony | 23 | 0.8 | 0.8 | 0.5 | 0.5 |
| Iron ores | 990 | 914.1 | 784.5 | 605.1 | 616.3 |
| Management ores | 48 | 47.8 | 47.8 | 36.0 | 33.3 |
| Mercury-containing ores | 157 | 276.2 | 322.2 | 241.0 | 236.7 |
| Lead ores | 67 | 52.3 | 54.8 | 40.2 | 43.6 |
| Zinc ores | 201 | 222.0 | 224.5 | 169.1 | 173.6 |
| <i>Non-metalliferous ores</i> | | | | | |
| Boric acid | 6.2 | 0.3 | 0.1 | 0.1 | — |
| Asbestos | 6.9 | 68.6 | 71.9 | 52.8 | 60.3 |
| Barytes | 48 | 84.7 | 142.0 | 94.4 | 132.6 |
| Feldspar | 13 | 108.6 | 92.3 | 66.4 | 103.7 |
| Fluorspar | 12 | 124.0 | 147.9 | 106.9 | 147.3 |
| Graphites | 5.5 | 1.3 | 1.2 | 0.9 | 0.7 |
| Pyrites | 930 | 1,396.6 | 1,401.5 | 1,054.3 | 993.6 |
| Petroleum | 13 | 2,687.0 | 2,228.9 | 1,757.9 | 1,362.7 |
| Asphalt rock | 258 | 164.8 | 104.1 | 80.0 | 83.8 |
| Bituminous rock | — | 174.6 | 165.5 | 120.7 | 149.3 |
| Coal | 598 | 471.5 | 389.5 | 317.7 | 322.6 |
| Brown coal | 873 | 1,200.6 | 1,018.4 | 799.8 | 812.3 |
| Raw milled and melted sulphur | 397 | 52.3 | 55.1 | 43.5 | 23.1 |

SOURCE: Instituto Centrale di Statistica.

9. Industry

Italian industry has grown fast for twenty years and has shown a strong capability for capturing foreign markets. In Italy's industrial forefront are: iron and steel, chemicals, engineering and autos.

Special attention is given in Italy to small and medium sized industries. The Act which provides incentives for small and medium-sized enterprises has been prolonged until 1970. Beside medium and small sized industry, there are also large manufacturing concerns.

Industry has acquired increasing importance and it is not able to only satisfy more and more the domestic requirements, but it is also exporting satisfactorily.

Italian industry has some technological problems. Because internal tariffs among EEC countries are to be completely abolished by July 1, 1968, Italian industry wants to sail over the technological gaps with other advanced industrial countries in Europe and to remain competitive with other producer - countries who will have access to the six EEC countries.

Approximately half of Italy's industrial production is controlled by the Italian Government largely through IRI and ENI groups (See Appendix E).

According to Italian Central Institute of Statistics, the average index numbers of industrial production, 1964-1965, (1953=100) were as follows:

| BRANCH & GROUP OF INDUSTRY | whole year | | % variations | |
|-----------------------------------------------------------------------------------------------------|------------|-------|--------------|------|
| | 1964 | 1965 | 1965 on 1964 | |
| MINING & QUARRYING . . . | 202.5 | 197.2 | — | 2.6 |
| Coal and Peat | 77.5 | 65.1 | — | 16.0 |
| Liquid fuel & natural gas . . | 450.2 | 442.1 | — | 3.9 |
| Metallic ores | 103.3 | 105.9 | + | 2.5 |
| Other ores | 139.8 | 140.1 | + | 0.2 |
| MANUFACTURING INDUSTRIES . | 248.0 | 258.2 | + | 4.1 |
| Food, beverages. | 182.5 | 185.9 | + | 1.9 |
| Tobacco | 148.8 | 146.8 | — | 1.3 |
| Textile industries | 130.5 | 115.4 | — | 11.6 |
| Silk & Cotton. | 131.4 | 109.8 | — | 16.4 |
| Wool. | 114.0 | 108.6 | — | 4.7 |
| Hard and Sundry Fibres . | 148.3 | 137.2 | — | 7.5 |
| Hides & skins | 163.9 | 152.5 | — | 7.0 |
| Footwear. | 178.0 | 175.2 | — | 1.6 |
| Wood industries (exclusive of furniture). | 155.8 | 163.6 | + | 5.0 |
| Furniture and furnishings in wood. | 158.8 | 133.3 | — | 16.1 |
| Metal industries. | 269.1 | 349.8 | + | 30.0 |
| Engineering. | 187.0 | 180.0 | — | 3.7 |
| Non-electric machinery, metal frame-works etc. | 172.2 | 159.4 | — | 1.6 |
| Electric machinery | 103.1 | 80.3 | — | 16.3 |
| Scientific instruments | 503.6 | 487.6 | — | 3.2 |
| Means of transport | 320.6 | 328.4 | + | 2.4 |
| Processing non-metallic ores . | 300.9 | 277.5 | — | 7.8 |
| Chemical trades. | 413.4 | 434.6 | + | 5.1 |
| Petrol & coal. | 408.9 | 491.1 | + | 20.1 |
| Rubber. | 223.4 | 236.0 | + | 5.6 |
| Industries producing cellulose for textile purposes and for artificial & synthetic fibres | 568.9 | 566.2 | — | 0.5 |
| Paper and stationery | 216.1 | 216.2 | ... | ... |
| ELECTRICITY AND GAS . . . | 209.9 | 226.1 | + | 7.7 |
| Output of electric power. | 232.5 | 253.3 | + | 8.9 |
| Output of gas-works. | 110.9 | 107.1 | — | 3.4 |
| GENERAL INDEX NUMBER | 243.9 | 254.1 | + | 4.2 |

Principal Industries in Italy are:

a) Iron and Steel

Pre-war, the iron and steel industry in Italy was mostly privately owned and consisted mainly of small units using scrap metal. It was highly protected by customs duties, and its small production based on national raw materials was mainly used for armaments.

During the Second World War, the iron and steel plants in Italy were almost completely destroyed or packed off to Germany. After the War this industry changed its structure. Iron ore has been imported and excessive protection removed. By 1950 the new policy had already resulted in a production of 3 million tons.

At the beginning of 1953 there came into being the first common market in coal, iron and steel, (European Coal and Steel Community - ECSC) including Italy in its membership. The development of the ECSC was (for Italy) of vital importance. With greater availability of raw material and easier access to markets for its finished products, the Italian iron and steel industry could reach an advanced stage of development.

With the help of new steel mills, Italy became in 1965, for the first time, a net exporter of steel products.

Among producing countries, Italy in 1964 was eighth, and its share was 2.3% of the net over-all world production.

Output of the Italian mills, 1938 - January - September 1966 was as follows:

(output in '000 of metric tons)

| Commodities | 1938 | 1964 | 1965 | January-September | |
|------------------------------------------------------------------|-------|---------|----------|-------------------|---------|
| | | | | 1965 | 1966 |
| Pig-iron | 863 | 3,497.8 | 5,487.8 | 3,907.5 | 4,689.1 |
| Steel, raw | 2,323 | 9,793.3 | 12,660.3 | 9,142.7 | 9,951.4 |
| Rolled iron | 1,658 | 7,617.2 | 9,772.1 | 7,146.4 | 7,500.0 |
| Iron from scrap | 76 | 124.4 | 91.1 | 67.4 | 58.6 |
| Other iron and steel finished manufacturers | ? | 200.5 | 206.8 | 149.1 | 164.6 |
| Iron alloys and <i>spiegel-eisen</i> special pig-irons | 66 | 126.9 | 137.0 | 104.7 | 114.0 |

SOURCE: Instituto Centrale di Statistica.

Steel output for the first eleven months 1966 was 7.9% better than in 1965. Italian steel consumption was from 4.2 million tons in 1952 to 13.6 million tons in 1963 with an average yearly increase of over 20%. Italian forecasts indicate a domestic consumption of about 17 million tons in 1970.

b) Chemical industry.

The important expansion of the Italian chemical industry in the postwar period, was stimulated by the greater availability of raw material and by increased internal and external competition. Further, with import liberalization, introduction of new techniques and increased investments, mass production was achieved and prices diminished.

Recently, the Italian chemical industry has met domestic needs and also promoted considerable exports of chemical products.

Production of selected items in Italian Chemical industries, 1938 -

September 1966, was as follows:

| Products | Units | 1938 | 1960 | 1964 | 1965 | January-September | |
|--------------------------------|---------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| | | | | | | 1965 | 1966 |
| Synthetic Ammonia . . . | tons | 113,201 | 816,426 | 1,168,431 | 1,226,042 | 923,655 | 981,493 |
| Sulphuric Acid at 50° Ré . . . | " | 1,721,268 | 3,321,691 | 4,624,479 | 4,743,695 | 3,509,773 | 3,994,351 |
| Synthetic Organic Dyes . . . | " | 10,678 | 18,013 | 19,361 | 13,927 | 10,787 | 11,920 |
| Tanning Materials . . . | " | 90,391 | 101,516 | 89,452 | 88,928 | 68,796 | 48,299 |
| Caustic Soda . . . | " | 165,019 | 403,369 | 641,806 | 725,473 | 539,355 | 557,999 |
| Crude Oil Processed . . . | ooo of MT | 1,604 | 30,867 | 57,851 | 69,355 | 50,169 | 47,935 |
| 1st categ. Ethyl Alcohol . . . | ettanidri (1) | 441,723 | 384,850 | 491,367 | 501,291 | 357,158 | 331,483 |
| Methyl Alcohol (2) . . . | " | 60,118 | 702,758 | 1,111,308 | 1,149,012 | 1,346,003 | 1,582,035 |
| | | | | | | January-August | |

Great development has been attained in the Italian petro-chemical sector. The new Italian chemical giant Montecatini Edison plans a 400 billion lire investment in southern Italy. The aim is both to build up industry in the South and to expand the industry's exports within the Common Market.

Italy with limited resources has created a world recognized chemical industry.

NOTE: (1) Hectolitres without water

(2) As from July 1948 figures include production of propyl alcohol.

SOURCE: Instituto Centrale di Statistica.

(c) Cement industry

The expansion of the cement industry was favoured by the various public works programmes started after the Second World War, by the facilities granted for building and by the increasing availability of coal and fuel oil resulting from a liberalization policy.

Particularly in the North, the cement industry benefited from the growing availability of natural gas at a low cost. On the other hand, the price of cement remained under control during the whole period.

Italian cement production, 1959 - 1965, in thousand metric tons, was as follows:

| | |
|------|-------|
| 1959 | 1,200 |
| 1960 | 1,334 |
| 1961 | 1,503 |
| 1962 | 1,681 |
| 1963 | 1,841 |
| 1964 | 1,903 |
| 1965 | 1,686 |

SOURCE: Monthly Bulletin of Statistics, United Nations.

The new Five Year Plan marks the completion of development plans for the cement industry, which now has a capacity of 4.8 million tons per year.

(d) Engineering industry

In the period 1949-1955, a comprehensive programme of modernization of the engineering industry was implemented. The "sterling balance" was used to grant loans for the purchase of machinery and equipment in the sterling area. The difficulties of reconversion and modernization of the majority of enterprises were considerable because their previous production had mainly specialized in war materials.

Production of selected Engineering industries and of selected items, 1960 - September 1966, was as follows:

| Products | 1960 | 1964 | 1965 | January-September | |
|--------------------------------------------------------------|------------|------------|------------|-------------------|------------|
| | | | | 1965 | 1966 |
| Roller-bearings . . . No. | 55,606,000 | 85,740,000 | 85,514,000 | 61,205,000 | 70,067,000 |
| Sewing Machines . . . » | 483,364 | 539,711 | 477,031 | 361,066 | 439,267 |
| Typewriters . . . » | 506,303 | 753,826 | 764,536 | 543,927 | 549,767 |
| Calculating Machines . . » | 417,575 | 604,345 | 550,173 | 395,549 | 435,234 |
| State Railways Electric Locomotives (2) . . » | 150 | 137 | 141 | 104 | 100 |
| State Railways Coaches, Luggage and Freight Cars » | 3,406 | 7,208 | 9,475 | 6,806 | 5,209 |
| Motor-Cars » | 595,997 | 1,028,930 | 1,103,932 | 855,840 | 959,462 |
| Other Vehicles » | 48,913 | 61,556 | 71,639 | 53,156 | 62,630 |

NOTE: (1) Figures for typewriters, sewing and calculating machines represent some 95% of total output, while for the other items they stand for the full production.

(2) Includes electromotor trains and Diesel railcars.

SOURCE: Instituto Centrale di Statistica.

(e) Automobile Industry

The exceptional customs protection which this industry enjoyed in the post-war period, provided a heavy accumulation of profits used for the self-financing of important investment. These investments enabled the industry to pass from high costs and limited production to internationally competitive costs and mass production. A true use of the infant-industry tariff argument.

According to the "Banco Commerciale Italiano", Italian Production, Imports and Exports of Automobiles, 1961 - 1963, were as follows:

| | (In thousands of Units) | | |
|-------------------------------|-------------------------|-------|-------|
| | 1961 | 1962 | 1963 |
| Domestic production | 693 | 900 | 1,170 |
| Imports | 39.5 | 100 | 200 |
| TOTAL | 732.5 | 1,000 | 1,370 |
| Exports | 234.7 | 300 | 320 |
| Available for domestic market | 497.8 | 700 | 1,050 |

Italian output of motor vehicles in 1965 was 1,206,060 or 10.6% more than the previous year. The export trade absorbed 27.1 of the total production.

In 1966 car and truck production reached a record 1,365,890 units of which 393,569 were exported. According to ANFIA, Italy's Automobile Manufacturers' Association, this was 16.2% more than in 1965.

The Italian auto manufacturer, Fiat, did in 1966 the largest single East - West business deal by landing a \$900 million contract to build passenger cars in the Soviet Union.

(f) Shipbuilding

In the pre-war period, shipbuilding was highly protected and its costs were above the international level.

In 1949 an Act provided 34 billion lire for three years for contributions to production costs, depreciation of ships and purchasing of ships. Furthermore, the Act granted customs facilities and tax reductions on imports of materials for shipbuilding.

In 1952, the Government started a programme to develop the construction of tankers. In 1954, the Italian Government decided on a reorganization of the shipyards. The Government guaranteed exemptions from customs duties, tax reductions, and contributions to interest payments for loans contracted to finance ship building.

Shipping in Italy, 1962 - 1964, ('000 tons) was as follows:

| | 1962 | 1963 | 1964 |
|----------------------------------|---------|---------|---------|
| Merchant Fleet (gross register) | 5,476.8 | 5,609.6 | 5,611.6 |
| Vessels Entered (net register) . | 137,051 | 147,855 | 154,319 |
| Vessels Cleared (net register) . | 136,200 | 147,581 | 154,457 |
| Goods Loaded . . . | 32,165 | 34,994 | 40,328 |
| Goods Unloaded . . . | 99,346 | 112,994 | 120,726 |

SOURCE: Europa Yearbook.

Recently the two largest government backed shipbuilding groups: Ansaldo based in Genoa and Cantieri Riuniti Del Adriatico in Trieste have been merged.

(g) Textile industry

The Italian textile industry was not seriously damaged by the war. After the Second World War it started up a process of expansion and modernization. The Italian Government conceded to the textile industry special tax facilities. Furthermore, the Government granted subsidies in order to reduce costs, supported exports of man-made textile fibres in the framework of its commercial agreements, granted currency and credit facilities for the supply of cotton and other raw materials.

Actually, the Italian textile industry, especially cotton textiles is in a difficult situation. On the one hand there is strong competition by developing countries with low labour costs, and on the other hand competition by highly industrialized countries with very automated textile industries.

The production of selected items of textile industry, 1960 - 1964, was as follows:

| | | '000 Metric tons | 1960 | 1961 | 1962 | 1963 | 1964 |
|--------------|---|------------------|-------|-------|-------|-------|------|
| Staple Fibre | " | 80.1 | 83.8 | 102.0 | 111.1 | 122.1 | |
| Cotton Yarn | " | 238.6 | 239.3 | 249.2 | 251.4 | 240.1 | |

SOURCE: Europa Yearbook.

The production of selected man made textile fibres in Italy, 1960 - September 1966, was as follows:

| Products | 1960 | 1964 | 1965 | January-September | |
|----------|---------|---------|-----------|-------------------|---------|
| | | | | 1965 | 1966 |
| Rayon | 459,627 | 814,659 | 912,777 | 643,437 | 641,447 |
| Staple | 734,572 | 800,708 | 1,221,273 | 753,236 | 706,821 |
| Waste | 59,200 | 46,891 | 60,321 | 36,234 | 35,196 |

SOURCE: Instituto Centrale di Statistica.

The Italian textile industry has for some time been converting its output from mass production to quality production.

(h) Construction industry

Even though the Government has tried to stimulate construction with low - cost loans and public works projects, the construction industry in 1966 rose only by 0.3% over 1965. Past overbuilding still haunts the industry. About 12% of all new dwellings stand unsold.

The tight situation of the construction industry at home, motivated Italian contractors to switch to the international construction market. The Italian construction industry has signed contracts for the \$170 million Rio Montaro Dam project in Peru, the \$80 million Keban Dam in Turkey (1) and the \$50 million dam project in New Zealand.

NOTE: In consortium with a French group.

10. Electricity

An important condition for industrial expansion is an adequate power supply. Italy has only limited resources in this field. The production of solid fuel is almost non-existent. The rapid expansion in the consumption of oil products has been met by importing crude oil and creating refineries and other plants for the processing of products.

Because of Italy's geographical position between the Middle East and Central Europe, oil refining increased not only for the domestic market but also for exports.

Italian output of electric power, 1935 - September 1966, in millions of KWL, was as follows:

| Period | Hydro-electric power | Thermo-electric power (2) | Total power produced | Power imported | Grand total | Power exported | Total power available |
|---------------------|----------------------|---------------------------|----------------------|----------------|-------------|----------------|-----------------------|
| | a | b | (a+b) | c | (a+b+c) | d | (a+b+c-d) |
| 1935 - Yearly total | 13,420 | 380 | 13,800 | 218 | 14,018 | — | 14,018 |
| Monthly average . | 1,118 | 32 | 1,150 | 18 | 1,168 | — | 1,168 |
| 1938 - Yearly total | 14,580 | 964 | 15,544 | 244 | 15,788 | — | 15,788 |
| Monthly average . | 1,215 | 80 | 1,295 | 21 | 1,316 | — | 1,316 |
| 1940 - Yearly total | 17,898 | 1,532 | 19,430 | 252 | 19,682 | — | 19,682 |
| Monthly average . | 1,491 | 128 | 1,619 | 21 | 1,640 | — | 1,640 |
| 1945 - Yearly total | 12,276 | 372 | 12,648 | 7 | 12,655 | — | 12,655 |
| Monthly average . | 1,023 | 31 | 1,054 | 1 | 1,055 | — | 1,055 |
| 1950 - Yearly total | 21,604 | 3,076 | 24,680 | 274 | 24,954 | 144 | 24,810 |
| Monthly average . | 1,800 | 256 | 2,056 | 23 | 2,079 | 12 | 2,067 |
| 1955 - Yearly total | 30,184 | 7,075 | 37,259 | 287 | 37,546 | 267 | 37,279 |
| Monthly average . | 2,515 | 589 | 3,104 | 23 | 3,127 | 22 | 3,105 |
| 1960 - Yearly total | 45,388 | 8,895 | 54,283 | 237 | 54,521 | 343 | 54,178 |
| Monthly average . | 3,782 | 741 | 4,524 | 20 | 4,543 | 29 | 4,515 |
| 1965 - Yearly total | 42,367 | 36,861 | 79,228 | 1,250 | 80,478 | 921 | 79,557 |
| Monthly average . | 3,530 | 3,071 | 6,602 | 104 | 6,706 | 76 | 6,629 |
| 1966 | | | | | | | |
| July | 3,763 | 3,433 | 7,196 | 177 | 7,373 | 55 | 7,318 |
| August | 3,444 | 3,085 | 6,529 | 123 | 6,652 | 46 | 6,606 |
| September | 3,256 | 4,081 | 7,337 | 117 | 7,454 | 56 | 7,398 |

Source: ANIDEL (Associazione nazionale imprese distributrici di energia elettrica) and (from 1963) Bollettino mensile di statistica (Istituto Centrale di Statistica).

(1) Data refer to Electric Power generated by the plants of the « Grande produzione » (Main production): statistical data furnished by 193 Companies whose output amounts to 98% of the Italian total.

(2) Inclusive of geothermoelectric power.

Italian power generation in 1966 increased by 7.8% to 86.9 billion Kwh.

The greatest increase in the Italian production of power has been by nuclear power stations, which rose from 2,401.4 in 1964 to 3,910.0 million Kwh in 1965.

Energy consumption in Italy was, 1961-1964, as follows: (1)

| | Million Metric Tons of coal equivalent | In Kilogrammes per capita |
|------|-------------------------------------------|------------------------------|
| 1961 | 60.95 | 1,221 |
| 1962 | 71.21 | n.a. |
| 1963 | 79.21 | n.a. |
| 1964 | 84.75 | 1,659 |

Note: (1) Consumption data are based on the apparent consumption of coal, lignite, petroleum products, natural gas, hydro and nuclear electricity.

N.A. - Not Available

SOURCE: United Nations Statistical Yearbook

Electric power is the most important form of energy in Italy. There has been a decrease in water resources and a tendency to increase the production of thermoelectric plants.

ENEL (Ente Nazionale per l'Energia Electrica) is the national electricity board responsible for providing about 70% of the electrical requirements in Italy. The Italian electricity industry was nationalized in December 1962.

11. Atomic Energy

With the exploitation of its hydroelectric power sources now almost exhausted, Italy has turned to the development of nuclear power.

Nuclear research activities in Italy were interrupted by the Second World War. In 1945, nuclear research was again taken up with the establishment of the Centro Informazioni Studi Esperienze.

A National Committee for Nuclear Research was created in 1952. Its functions were extended in 1956 in order to promote research and the peaceful applications of nuclear power. In 1959 a National Board for Nuclear Energy was created. It co-ordinates, promotes and effects studies and researches; and it controls industrial activities connected with atomic power.

A decisive step was taken by the law of August 11, 1960, which established a state organization for nuclear energy, the Comitato Nazionale per l'Energia Nucleare: CNEN. It assumed all the responsibilities of its predecessor (National Institute of Nuclear Physics). At the same time, the sum of \$128 million was assigned for nuclear research for the succeeding five-year period.

Italy has three nuclear power plants in operation. Their total power is 617 MWE.

A fourth nuclear plant, of approximately 640 MWE, will be completed in 1970.

Rich deposits of uranium are not available in Italy. But even though this country may have to depend entirely upon importation, the total cost of nuclear fuels will probably be far below that of other normal sources.

It is interesting that the Euratom agreement specifically obliges member countries to prospect for uranium and thorium within their territories. Prospecting carried out in Italy has only led to the discovery of minimal quantities of uranium and thorium.

The rapid development in the use of radioactive isotopes in such varied fields as medicine, industry, agriculture and biology has increased the demand for radio isotopes in Italy. In 1964 it is estimated that 60,000 curies were used.

The United States is the chief supplier of radio isotopes to Italy, providing 51% of the isotopes utilized in 1963, followed by Canada with 43% and France 2%.

Italy's principal producer of radio isotopes is the Societa Ricerche Impianti Nucleari (Sorin) at Saluggia. It produced in 1964, 143,330 millicuries of radio isotopes.

Italy's planned expenditure for the peaceful uses of atomic energy for the 1965 to 1969 period was as follows:

| | |
|-------|-----------------|
| 1965 | \$36.8 million |
| 1966 | 49.6 " |
| 1967 | 49.6 " |
| 1968 | 52.0 " |
| 1969 | 52.0 " |
| TOTAL | \$240.0 million |

SOURCE: Atomic Handbook.

Current and planned installed power plant capacities in Italy by type were as follows: (1)

| | 1963 | | 1968 | | 1973 | |
|---------------|--------|-----------------|--------|-----------------|--------|-----------------|
| | MW | Thousand kWh | MW | Thousand kWh | MW | Thousand kWh |
| Hydroelectric | 12,800 | 43,400 | 14,700 | 48,300 | 16,200 | 52,400 |
| Fossil | 7,850 | 34,500 | 12,050 | 61,200 | 16,850 | 89,600 |
| Nuclear | 350 | 1,100 | 690 | 4,500 | 3,190 | 17,500 |
| Total | 21,000 | 79,000 | 27,440 | 114,000 | 36,240 | 159,500 |
| Maximum Load | 12,000 | 72,000 | 16,800 | 101,000 | 23,600 | 142,000 |

NOTE: From the Italian Planning Report, 1964.

New Plants to be built in Italy in the 1964 to 1973 period were as follows:

| | 1964-1968 | | | 1969-1973 | | |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Hydroelectric | 1,900 (a) | 5,000 (b) | 2,650 (c) | 1,500 (a) | 4,000 (b) | 2,650 (c) |
| Fossil | 4,200 (d) | 25,000 | 6,000 | 4,800 (d) | 28,800 | 6,000 |
| Nuclear | 340 (e) | 2,200 | 6,500 | 2,000 | 16,200 | 6,500 |
| Total | 6,440 | 32,400 | 5,000 | 8,300 | 49,000 | 5,452 |
| Additional Needs | 4,800 | 29,000 | — | 6,800 | 41,000 | — |

Notes: (a) Installed power in MW
(b) Average yearly capacity in thousand kW hours
(c) Utilization hours per year
(d) Over 400 MW to replace obsolete plants
(e) Includes Trino Vercellese and Garigliano planned increase

SOURCE: Atomic Handbook.

Italy has drawn up a comprehensive plan to create a large scale nuclear industry.

12. Gross National Product

According to E. Tosco in "Economic Policy in our Time", the increments of the national product and expenditure in Italy at 1954 prices, 1949 - 1960, in percentages were as follows:

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | Average 1949-1960 |
|--------------------------------------------|-------|------|------|------|------|------|------|------|------|------|------|------|-------------------|
| 1. Consumption | 4.7 | 4.7 | 5.8 | 5.7 | 6.5 | 3.3 | 3.6 | 4.3 | 4.0 | 4.1 | 5.1 | 6.3 | 4.9 |
| a) private | 7.5 | 4.7 | 4.8 | 4.2 | 7.7 | 2.3 | 3.8 | 4.2 | 4.1 | 3.0 | 5.6 | 6.4 | 4.6 |
| b) public 1) | -12.5 | 4.7 | 13.2 | 16.2 | -0.6 | 9.6 | 2.3 | 5.0 | 3.7 | 11.2 | 2.1 | 6.0 | 6.6 |
| 2. Gross domestic capital formation | 6.6 | 14.6 | 12.9 | -0.8 | 10.1 | 8.4 | 16.3 | 4.7 | 8.1 | 1.8 | 11.7 | 19.1 | 9.6 |
| 3. Exports of goods and services | 15.6 | 22.7 | 11.3 | -1.4 | 24.0 | 9.5 | 13.2 | 12.1 | 22.6 | 3.9 | 16.6 | 19.6 | 13.7 |
| 4. Less: Imports of goods and services | 9.9 | 12.5 | 6.4 | 13.1 | 17.3 | 2.5 | 8.1 | 13.4 | 12.2 | -1.3 | 9.9 | 13.7 | 11.6 |
| 5. Gross national product at market prices | 5.3 | 7.1 | 7.6 | 2.9 | 7.6 | 5.1 | 6.7 | 4.2 | 6.3 | 4.4 | 7.7 | 6.9 | 6.0 |

The present phase of the Italian economic system is emphasized by the fact that about 20% of the Gross National Product is devoted to investment and 80% to consumption: Only Canada with an annual ratio of Gross Investment to Gross National Product of 25% or above and Japan with an estimated ratio running up to 30% have markedly outdistanced Italy.

The G.N.P. in Italy at current prices, 1965, was \$56,760 million and G.N.P. per capita \$1,100. The structure of Italian G.N.P. at current prices - in percentages - was as follows:

| | |
|-------------------------------------------------------------------------------------|-------|
| Agriculture | 13.4% |
| Mining and quarrying, manufacturing, industry, construction, electricity and water. | 39.5% |
| Other activities (2) | 47.1% |

Between 1955 and 1965, Italy's G.N.P. increased by 72% in terms of constant prices. According to the Government Report on the Economic Situation of Italy in 1966, G.N.P. rose in 1966 by 5.5% in 1963 prices and by 7.9% at current prices, to Lire 38, 397 billion (\$61.4 billion).

The gross output of manufacturing and utilities rose in 1966 by 8%, while income from trade and other services rose by 4.8%. Agricultural production increased by only 0.5%, and construction activity rose by only 0.3%.

In the Five Year Plan, a G.N.P. of \$71.84 billion is foreseen for 1970, 26% above the 1965 level.

NOTE: (1) Central and local government current expenditures, including Social Security agencies.

(2) SOURCE: The O.E.C.D. - Observer.

13. Foreign Trade

Italy's economy is becoming more and more dependent on Foreign Trade. Italian Foreign Trade (1), 1960 - 1966, in billions of lire, was as follows:-

| | <u>1960</u> | <u>1961</u> | <u>1962</u> | <u>1963</u> | <u>1964</u> | <u>1965</u> | <u>1966</u> |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Exports | 2,280 | 2,614 | 2,918 | 3,159 | 3,724 | 4,509 | 5,022 |
| Imports, cif | 2,953 | 3,265 | 3,797 | 4,745 | 4,533 | 4,594 | 5,357 |

Exports as well as imports have been expanding and Italy has become increasingly tied to foreign markets.

In 1963, there was strong expansion in Italy's internal demand, and chiefly for consumer goods which led to heavier purchasing in foreign markets, as well as a rise in domestic prices.

In 1964, a gradual reduction in internal demand forced Italian enterprises to turn to foreign markets to offset the weaker demand on the domestic market. In 1964 imports fell by 5% and remained more or less stationary in 1965. In 1966 imports increased by 16.61% and exports by 11.35%.

Italian imports by main categories, 1964-1965, in billions of lire, were as follows: (2)

| CATEGORIES | 1964 | % of total | 1965 | % of total | % variation 1964/65 |
|-----------------------------------------|---------|------------|---------|------------|------------------------|
| Agricultural foodstuffs and livestock.. | 864.3 | 19.1 | 1,039.6 | 22.7 | + 20.3 |
| Raw materials for industry | 887.3 | 19.6 | 905.6 | 19.7 | + 2.1 |
| Sources of energy | 621.2 | 13.7 | 711.3 | 15.5 | + 14.5 |
| Industrial semi-finished goods | 872.1 | 19.2 | 833.3 | 18.1 | - 4.4 |
| Industrial finished goods | 1,288.0 | 28.4 | 1,102.3 | 24.0 | - 14.4 |
| of which: | | | | | |
| durable | 843.6 | 18.6 | 675.3 | 14.7 | - 20.0 |
| consumer | 444.3 | 9.8 | 427.0 | 9.3 | - 3.9 |
| Total | 4,532.8 | 100.0 | 4,592.0 | 100.0 | + 1.3 |

NOTE: (1) SOURCE: International Monetary Fund.

(2) SOURCE: Italy, Documents and Notes.

In 1965, imports of industrial semi-finished and finished goods showed a marked deterioration. Particularly the sub-group of durable goods. Among agricultural imports, feedgrains, livestock, livestock products and fats and oils, led the list of deficit items. In 1966, cost of feedgrain imports was \$400 million. The meat imports, kept Italy third on the list of the world's major beef importers, surpassed only by the United States and the United Kingdom.

Although, imports of raw materials for industry in 1965 expanded, the increase was considerably less than the imports of agricultural products and sources of energy.

In the groups "Sources of Energy" imports of crude petroleum increased while imports of coal dropped by 4.6%.

Imports of industrial finished goods decreased in 1965 by 14.4%.

This decrease was largely in durable goods and to a lesser degree in consumer goods.

In the groups semi-finished materials for industry the decrease in imports, 1965, was most apparent in iron and steel and common sawn wood.

Italian exports by main categories, 1964-1965, in billions of lire, were as follows.

| GROUP | 1964 | % of total | 1965 | % of total | % variation 1964/65 |
|---------------------------------------|---------|------------|---------|------------|------------------------|
| Agricultural products..... | 291.7 | 7.9 | 356.4 | 7.9 | + 22.6 |
| of which: | | | | | |
| Fruits, vegetable, citrus | 248.9 | 6.7 | 287.9 | 6.4 | + 15.6 |
| Foodstuffs | 126.0 | 3.4 | 147.4 | 3.3 | + 17.0 |
| Beverages | 43.0 | 1.2 | 47.7 | 1.1 | + 10.9 |
| Textiles | 515.5 | 13.8 | 551.5 | 12.3 | + 7.0 |
| Clothing | 224.6 | 6.0 | 264.2 | 5.9 | + 17.6 |
| Metallurgic | 210.3 | 5.6 | 314.1 | 7.0 | + 49.3 |
| Machinery and allied | 594.3 | 16.0 | 728.5 | 16.2 | + 22.6 |
| Precision tools | 147.2 | 4.0 | 172.3 | 3.8 | + 17.1 |
| Transport | 444.1 | 11.9 | 493.8 | 11.0 | + 11.2 |
| Other metal-mechanical products | 123.6 | 3.3 | 172.5 | 3.8 | + 39.5 |
| Chemical | 316.3 | 8.5 | 384.3 | 8.5 | + 21.5 |
| Coal and petroleum by-products | 195.3 | 5.2 | 256.1 | 5.7 | + 31.1 |
| Rubber | 65.1 | 1.8 | 62.6 | 1.4 | - 3.9 |
| Other industrial products | 427.0 | 11.4 | 541.1 | 12.1 | + 26.7 |
| Total | 3,724.0 | 100.0 | 4,492.5 | 100.0 | + 20.6 |

SOURCE: Italy, Documents and Notes.

With regard to exports, the biggest share is held by machinery and allied items, followed by transport and textile products. In percentage increases 1964 - 1965 the first place goes also to the metallurgic industries, followed by other metal-mechanical products, petroleum by products, machinery and allied equipment and the chemical industries.

Considerable export expansion was registered in the agricultural - foodstuffs industries and beverages.

From both a geographical point of view and by economic blocks the first place in Italian imports is occupied by Europe with more than 50% of the total. Within Europe the biggest share of Italian imports is accounted for by EEC countries even though in 1965 this area showed a contraction of 3.3%. The biggest increase in percentage of the total imports in 1965 goes to Comecon countries, Africa and Asia.

Italian imports by geographical areas and groups of countries, 1964 - 1965, in thousand million lire, were as follows: (1)

| CONTINENTS | 1964 | % of total | 1965 | % of total | % variation 1964/65 |
|---------------------------|---------|------------|---------|------------|------------------------|
| Europe | 2,555.0 | 56.4 | 2,485.9 | 54.1 | - 2.7 |
| of which: | | | | | |
| — EEC countries | 1,480.5 | 32.7 | 1,432.1 | 31.2 | - 3.3 |
| — EFTA countries | 646.8 | 14.3 | 591.1 | 12.8 | - 8.6 |
| — Comecon countries | 232.2 | 5.1 | 273.9 | 5.9 | + 17.9 |
| The Americas | 1,002.9 | 22.1 | 1,025.4 | 22.3 | + 2.2 |
| of which: | | | | | |
| — USA and Canada | 658.6 | 14.5 | 675.0 | 14.6 | + 2.5 |
| — South America | 344.3 | 7.6 | 350.4 | 7.7 | + 1.8 |
| Africa | 307.2 | 6.8 | 339.0 | 7.4 | + 10.3 |
| Asia | 553.6 | 12.2 | 638.6 | 13.9 | + 15.4 |
| Australasia | 106.0 | 2.3 | 90.4 | 2.0 | - 14.7 |
| Other sources | 8.2 | 0.2 | 12.7 | 0.3 | + 54.4 |
| General Total ... | 4,352.8 | 100.0 | 4,592.0 | 100.0 | + 1.3 |

Italian imports, 1963 - 1965, by selected countries, shows the following table.

(1) SOURCE: Italy, Documents and Notes.

ITALY'S FOREIGN TRADE WITH THE SELECTED COUNTRIES,
TOTAL (IN THOUSAND U.S. DOLLARS) AND PERCENTAGE OF TOTAL

IMPORTS

| Countries | 1963 | | 1964 | | 1965 | |
|--------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|-----------------------------|
| | Total | Percent -age of Total | Total | Percent -age of Total | Total | Percent -age of Total |
| United States | 1,027,749 | 13.63 | 979,529 | 13.54 | 988,597 | 13.46 |
| Canada | 84,466 | 1.20 | 67,847 | 0.95 | 91,372 | 1.24 |
| Argentina | 215,000 | 2.85 | 266,791 | 3.69 | 279,706 | 3.81 |
| Brazil | 70,860 | 0.93 | 82,247 | 1.15 | 88,847 | 1.21 |
| Belgium Luxembourg | 240,497 | 3.18 | 210,561 | 2.91 | 207,376 | 2.82 |
| France | 732,478 | 9.71 | 713,737 | 9.87 | 718,015 | 9.77 |
| Germany, Federal | 1,278,350 | 16.95 | 1,178,934 | 16.95 | 1,081,361 | 14.72 |
| Netherlands | 223,442 | 2.96 | 261,398 | 3.61 | 284,614 | 3.87 |
| United Kingdom | 462,612 | 6.13 | 395,592 | 5.47 | 340,199 | 4.63 |
| Denmark | 101,160 | 1.34 | 98,050 | 1.35 | 86,826 | 1.18 |
| Sweden | 146,451 | 1.94 | 135,172 | 1.87 | 127,029 | 1.73 |
| Austria | 210,407 | 2.79 | 169,352 | 2.34 | 161,817 | 2.20 |
| Switzerland | 192,261 | 2.55 | 182,812 | 2.53 | 172,371 | 2.35 |
| Yugoslavia | 161,938 | 2.14 | 133,611 | 1.85 | 142,930 | 1.95 |
| U.S.S.R. | 175,748 | 2.33 | 147,037 | 2.03 | 181,291 | 2.47 |
| Kuwait | 195,159 | 2.58 | 295,322 | 4.08 | 361,125 | 4.92 |
| Poland | 56,952 | 0.75 | 52,890 | 0.73 | 61,201 | 0.83 |
| Iraq | 156,483 | 2.07 | 112,371 | 1.55 | 123,205 | 1.68 |
| Saudi Arabia | 132,992 | 1.76 | 161,293 | 2.23 | 186,450 | 2.54 |
| Australia | 121,405 | 1.61 | 131,002 | 1.81 | 112,805 | 1.54 |
| Other Countries | 1,552,781 | 20.60 | 1,455,754 | 20.14 | 1,550,119 | 21.08 |
| TOTAL- | 7,539,191 | 100.00 | 7,231,302 | 100.00 | 7,347,256 | 100.00 |

Source: United Nations, Commodity Trade Statistics, 1963-65.

The Italian trend in exports by geographical areas in 1965 shows a growth in exports to EEC countries, United States, Canada and Comecon countries.

Italian exports by geographical areas and group of countries, 1964 - 1965, in thousands of million lire, were as follows:

TABLE IV - ITALIAN EXPORTS PER CONTINENTS AND GROUPS OF COUNTRIES IN 1964 AND 1965
(in thousand million lire)

| CONTINENTS | 1964 | % of total | 1965 | % of total | % variation 1965/64 |
|---------------------------|---------|------------|---------|------------|------------------------|
| Europe | 2,561.1 | 68.8 | 3,115.6 | 69.3 | + 21.6 |
| of which: | | | | | |
| — EEC Countries | 1,408.9 | 37.8 | 1,806.8 | 40.3 | + 28.2 |
| — EFTA Countries | 687.7 | 18.6 | 749.2 | 16.6 | + 8.9 |
| — Comecon Countries | 172.2 | 4.5 | 205.9 | 4.5 | + 19.5 |
| The Americas | 561.7 | 15.1 | 636.0 | 14.2 | + 13.2 |
| of which: | | | | | |
| — USA and Canada | 354.0 | 9.5 | 431.5 | 9.6 | + 21.9 |
| — South America | 207.7 | 5.6 | 204.5 | 4.6 | - 1.6 |
| Africa | 235.6 | 6.3 | 316.0 | 7.0 | + 34.1 |
| Asia | 258.9 | 6.9 | 317.0 | 7.1 | + 22.4 |
| Australasia | 36.7 | 1.0 | 38.7 | 0.9 | + 5.2 |
| Other sources | 70.0 | 1.9 | 69.4 | 1.5 | - 0.9 |
| General Total ... | 3,724.0 | 100.0 | 4,492.5 | 100.0 | + 20.6 |

Italian exports by selected countries, 1963 - 1965, shows the following table:

ITALY'S FOREIGN TRADE WITH THE SELECTED COUNTRIES,
TOTAL (IN THOUSAND U.S. DOLLARS) AND PERCENTAGE OF TOTAL

EXPORTS

| Countries | 1963 | | 1964 | | 1965 | |
|--------------------|------------------|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|
| | Total | Percent -age of Total | Total | Percent -age of Total | Total | Percent -age of Total |
| United States | 475,597 | 9.42 | 507,169 | 8.51 | 618,083 | 8.60 |
| Canada | 48,808 | 0.98 | 59,412 | 1.00 | 72,296 | 1.01 |
| Argentina | 116,537 | 2.31 | 113,844 | 1.91 | 86,224 | 1.20 |
| Brazil | 42,020 | 0.83 | 21,525 | 0.36 | 23,070 | .32 |
| Belgium Luxembourg | 182,003 | 3.61 | 234,618 | 3.94 | 284,526 | 3.96 |
| France | 523,959 | 10.38 | 650,198 | 10.92 | 741,405 | 10.31 |
| Germany, Federal | 902,452 | 17.88 | 1,131,727 | 19.00 | 1,524,280 | 21.21 |
| Netherlands | 183,929 | 3.64 | 249,314 | 4.18 | 340,738 | 4.74 |
| United Kingdom | 270,350 | 5.36 | 332,829 | 5.59 | 337,573 | 4.70 |
| Denmark | 52,145 | 1.03 | 68,354 | 1.15 | 78,331 | 1.09 |
| Sweden | 105,839 | 2.10 | 114,897 | 1.93 | 139,143 | 1.94 |
| Austria | 131,225 | 2.60 | 140,762 | 2.36 | 165,930 | 2.31 |
| Switzerland | 339,638 | 6.73 | 359,332 | 6.03 | 389,684 | 5.42 |
| Yugoslavia | 113,291 | 2.24 | 172,419 | 2.89 | 144,185 | 2.01 |
| U.S.S.R. | 114,331 | 2.27 | 90,712 | 1.52 | 98,113 | 1.36 |
| Poland | 33,813 | 0.67 | 31,293 | 0.52 | 50,216 | 0.70 |
| Kuwait | 13,572 | 0.27 | 14,647 | 0.25 | 19,454 | 0.27 |
| Iraq | 8,295 | 0.16 | 12,508 | 0.22 | 12,433 | 0.17 |
| Saudi Arabia | 12,094 | 0.24 | 18,033 | 0.30 | 27,122 | 0.38 |
| Australia | 37,415 | 0.74 | 49,108 | 0.82 | 49,730 | 0.69 |
| Other Countries | 1,339,274 | 26.54 | 1,583,594 | 26.60 | 1,985,502 | 27.61 |
| TOTAL- | 5,046,587 | 100.00 | 5,956,295 | 100.00 | 7,188,038 | 100.00 |

Source: United Nations, Commodity Trade Statistics, 1963-1965.

The large expansion of Italian Foreign Trade in the last decade was due mainly to the increased productivity of the various economic sectors, especially industry and also to the favourable situation in Western markets.

Italian membership in the EEC, which allowed increased specialization in production, and accelerated economic development, has led to a rapid increase in Italian Foreign Trade and greater participation in the international business and economic world. Italy's economic relations with EEC countries have gone through very wide fluctuations during the last five years.

In 1966, Italy was already feeling the slacker business situation in the West German market which accounts normally for one fifth of all Italian exports. France and the United States which occupy second and third place, are both looking less expansionary than they were. However, Italy might recoup part of such export losses through the drive which it is making to get into Eastern Europe.

Some 80% of goods from Eastern Europe hitherto subject to Italian import restrictions were liberalized in 1967, under a directive issued by the Italian Foreign Trade Ministry. Agricultural products currently subject to European Economic Community common regulations are not included in the liberalization move (1).

Italian exports to East Europe (excl Yugoslavia) in 1966 rose by 9.9% to \$429.9 million. It constituted only 5.3% of the Italian global shipments abroad.

Italian imports from East Europe in 1966 rose by 19.1% to \$576.9 million equivalent to 6.7% of total Italian imports.

A law introducing increased state assistance for Italian exporters came into force in April 1967. This law included State assistance for insurance of ordinary commercial risks in the export of goods and services.

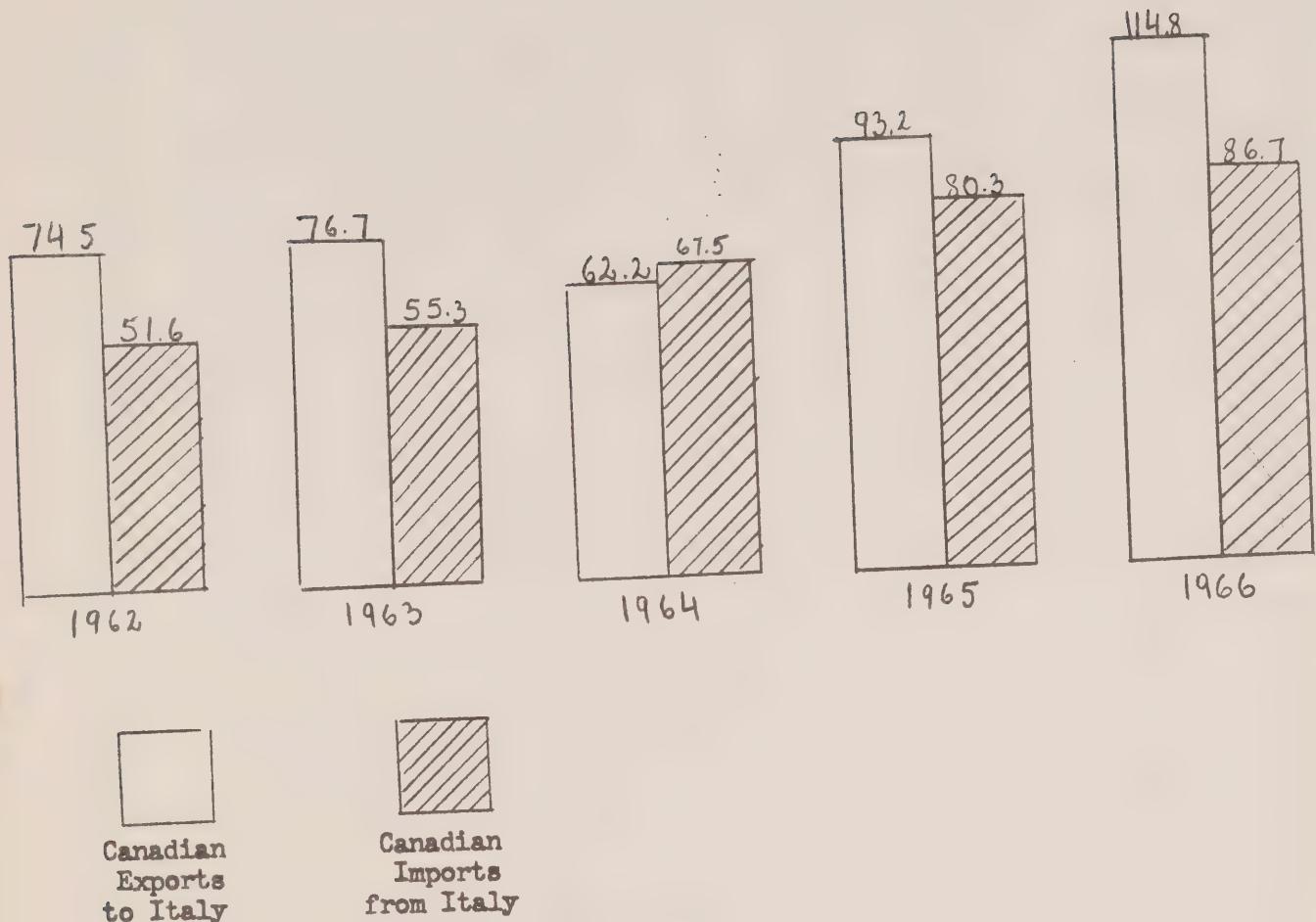
The Italian Institute for Foreign Trade forecasts that in 1967 total imports will rise 16% over 1966 and Italy's exports by 10%. To finance increasing imports of raw materials and of consumer goods, Italian exports of processed and semi-processed goods must continue to grow.

(1) SOURCE: Reuters Limited, East - West Trade News, London, May 4, 1967.

14. Canadian Trade with Italy.

Trade relations with Italy are governed by the GATT convention; each country granting most favoured treatment to the other.

Canadian Foreign Trade with Italy, 1962 - 1966, was as follows:
(in millions of dollars)



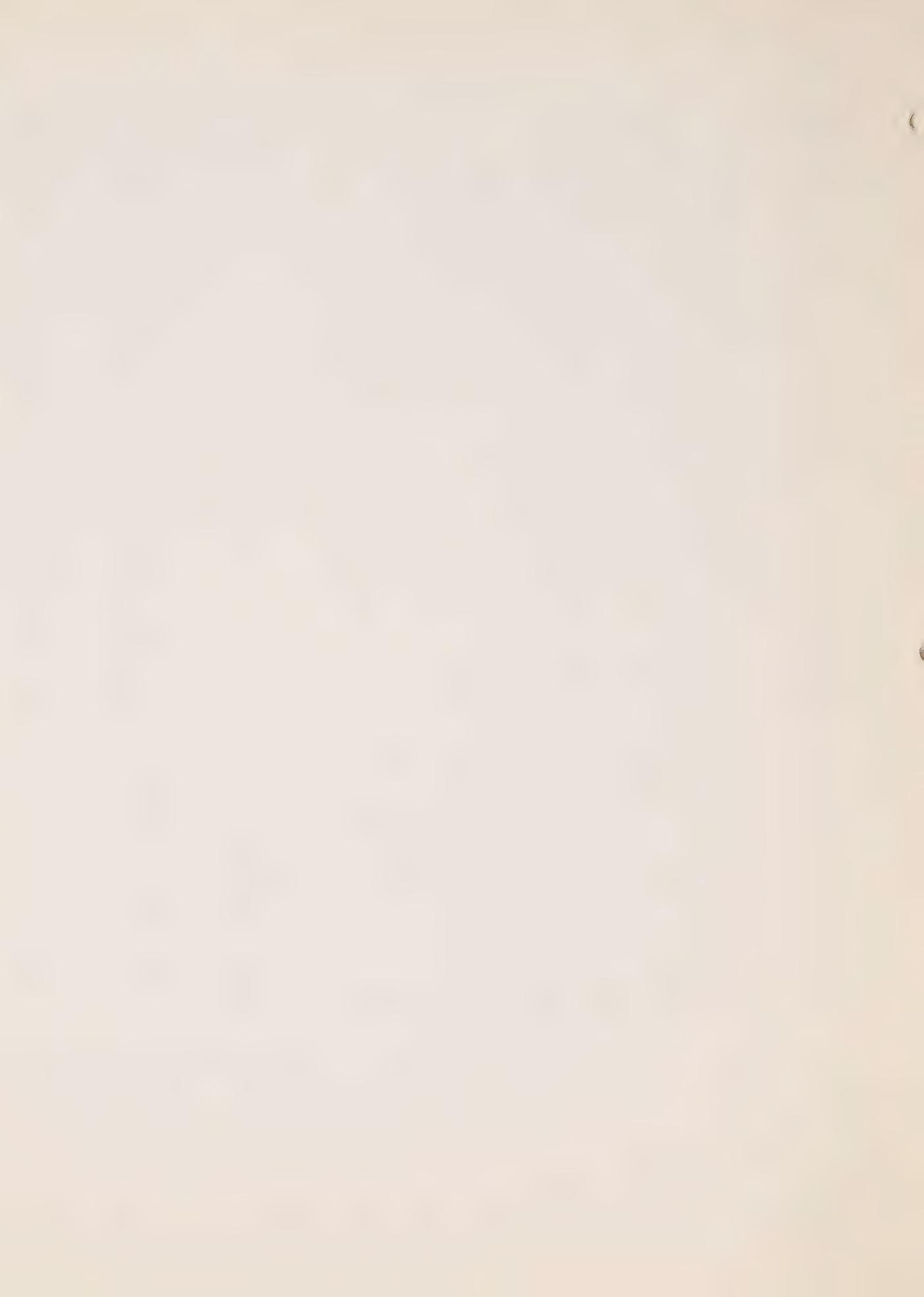
SOURCE: D.B.S. Trade of Canada.

CANADIAN EXPORTS OF SELECTED COMMODITIES TO ITALY 1964 - 1966 were as follows:

| <u>Class No.</u> | <u>Commodities</u> | 1964 \$000's | 1965 \$000's | 1966 \$000's |
|------------------|-------------------------------------|-----------------|-----------------|-----------------|
| 119 | Cattle, purebred | 299 | 1,527 | - |
| 4209 | Cod, light salted 43% or less | 625 | 529 | 337 |
| 4440 | Salmon, chum, canned | 220 | 237 | 115 |
| 4442 | Salmon, pink, canned | 378 | 155 | 429 |
| 5152 | Milk powder, skim milk | 945 | 1,575 | 1,071 |
| 5199 | Dairy products N.E.S. | 2,980 | 957 | - |
| 6119 | Barley | 1,328 | 7,282 | 12,793 |
| 6139 | Oats N.E.S. | 159 | 1,239 | - |
| 6165 | Durum wheat except seed | 955 | 365 | 5,215 |
| 6169 | Wheat except seed N.E.S. | 4,338 | 11,205 | 16,440 |
| 9180 | Potatoes, seed | 112 | 300 | 824 |
| 17340 | Whisky | 180 | 276 | 77 |
| 20110 | Cattle hides, raw | 141 | 425 | 463 |
| 20203 | Fur skins, beaver | 422 | 240 | 308 |
| 21240 | Rapeseed | 360 | 5,738 | 6,390 |
| 23637 | Pulpwood, balsam fir, spruce peeled | 2,658 | 3,017 | 1,670 |
| 25108 | Iron ore, concentrated | 194 | 3,631 | 2,387 |
| 25112 | Iron ore, agglomerated | - | 2,731 | 5,176 |
| 25249 | Aluminum and aluminum alloy scrap | 2,766 | 4,424 | 4,869 |
| 25330 | Copper scrap | 64 | 468 | 47 |
| 25410 | Lead in ores and concentrates | - | 1,219 | - |
| 25530 | Nickel in oxide | 1,042 | 744 | 1,713 |
| 27130 | Asbestos milled fibres, group 4 & 5 | 2,661 | 1,484 | 2,089 |
| 27999 | Non-metallic minerals, crude N.E.S. | 431 | 879 | - |
| 33138 | Lumber, douglas fir | 721 | 1,101 | 2,230 |
| 33143 | Lumber, hemlock | 525 | 701 | 726 |

| <u>Class No.</u> | <u>Commodities</u> | 1964 \$000's | 1965 \$000's | 1966 \$000's |
|------------------|------------------------------------------|-----------------|-----------------|-----------------|
| 34020 | Wood pulp bl, sulphate paper grades | 3,032 | 3,402 | 5,549 |
| 34040 | Wood pulp, sulphate unbl, strong | 1,771 | 1,977 | 1,769 |
| 34075 | Wood pulp, mechanical, unbleached | 727 | 2,010 | 806 |
| 39999 | Gum, wood and vegetable extracts N.E.S. | 385 | 416 | 522 |
| 40299 | Inorg, bases & metallic oxides N.E.S. | 203 | 237 | 119 |
| 42499 | Plastic and syn rubber not shaped N.E.S. | 1,908 | 1,451 | 1,827 |
| 44219 | Pig iron | 1,178 | 468 | 244 |
| 44599 | Sheet and strip steel N.E.S. | 257 | 260 | 289 |
| 45109 | Aluminum pigs ingots shot slabs | 1,920 | 6,207 | 4,079 |
| 45204 | Copper, refining shapes | 1,150 | 724 | 69 |
| 45415 | Nickel anodes cathodes ingots rods | 705 | 687 | 996 |
| 45708 | Zinc blocks, pigs and slabs | 820 | 1,478 | 1,092 |
| 47699 | Abrasive basic products N.E.S. | 322 | 409 | 775 |
| 50019 | Power boilers, equip and parts | 118 | 625 | 14 |
| 52979 | Textile industries machinery and parts | 194 | 286 | 385 |
| 60099 | Aircraft assemblies equip and pts N.E.S. | 1,750 | 1,743 | 518 |
| 70019 | Navigation instruments appar and parts | 1,381 | 3,139 | 5,653 |
| 77121 | Card punch sort tab computers and parts | 1,601 | 1,214 | 743 |
| 87019 | Biological prods for humans | 227 | 261 | 121 |
| 87049 | Vitamins and prep, pharm, grade | 131 | 139 | 122 |
| 96035 | Prefab, buildings, structure and parts | 4 | 163 | - |
| Others | | 17,949 | 13,451 | 23,726 |
| Grand Total | | 62,237 | 93,223 | 114,787 |

SOURCE: D.B.S. Trade of Canada.



Italy is an important market for a wide range of Canadian products.

In 1966, Italy was in 5th place among the European countries to which our goods were shipped. Italy occupied 4th place in 1966 among European countries exporting to Canada. Our trade with Italy is constantly increasing (1) (with the exception of 1961 and 1964) and becoming more varied.

Most of Canada's exports to Italy are primary products but exports include a significant volume of processed or manufactured goods.

Our principal exports to Italy are agricultural goods, metals including nickel, iron, copper and aluminum, and wood pulp and asbestos are high among our sales. Wheat is normally the most important item in our export to Italy but this depends on Italian wheat production.

NOTE (1)

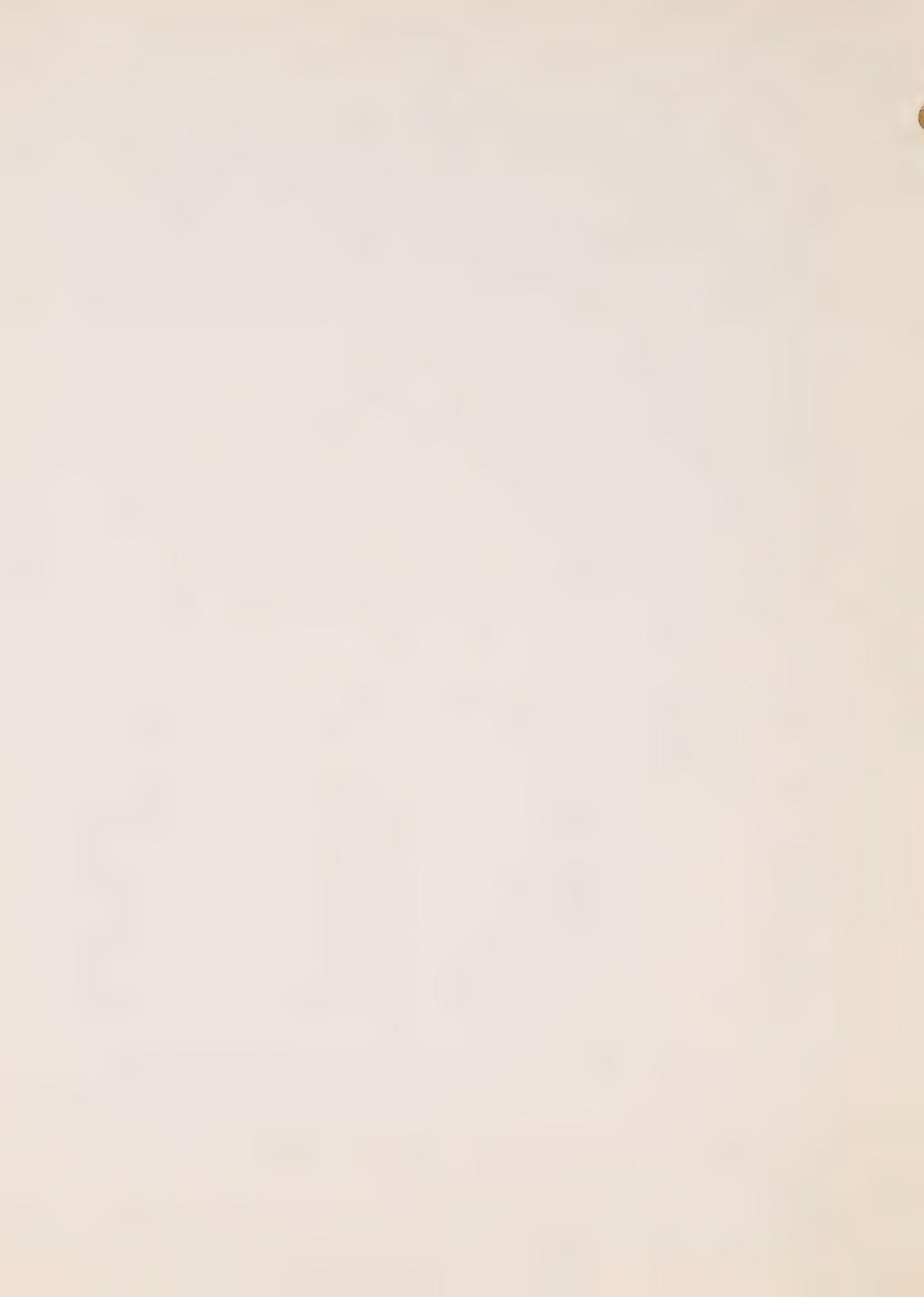
According to D.B.S., Trade of Canada, our foreign trade with Italy, 1958 - 1965, was as follows:

| Years | Exports \$'000 | Imports \$'000 | Trade Balance \$'000 |
|-------|-------------------|-------------------|-------------------------|
| 1958 | 29,915 | 32,820 | - 2,905 |
| 1959 | 31,717 | 37,656 | - 5,939 |
| 1960 | 68,393 | 42,843 | +25,550 |
| 1961 | 67,688 | 49,140 | +18,548 |
| 1962 | 74,521 | 51,859 | +22,662 |
| 1963 | 76,761 | 55,303 | +21,458 |
| 1964 | 62,236 | 67,462 | - 5,226 |
| 1965 | 93,223 | 80,279 | +12,944 |
| 1966 | 114,787 | 86,718 | +28,069 |

Of the groups of products "Crude materials excluding fuels" were the biggest segment of the total Italian imports from Canada 1965 followed by the group "Food and live animals" and "Basic Manufactures".

The Canadian share of the total world Italian imports - in percentage - 1963 - 1965, was as follows: (1)

| | |
|------|----------------|
| 1963 | 1.12% of total |
| 1964 | 0.94% " " |
| 1965 | 1.24% " " |



The table below shows Italy's imports from all countries and from Canada, total and percentage of total:
(thousand U.S. dollars)

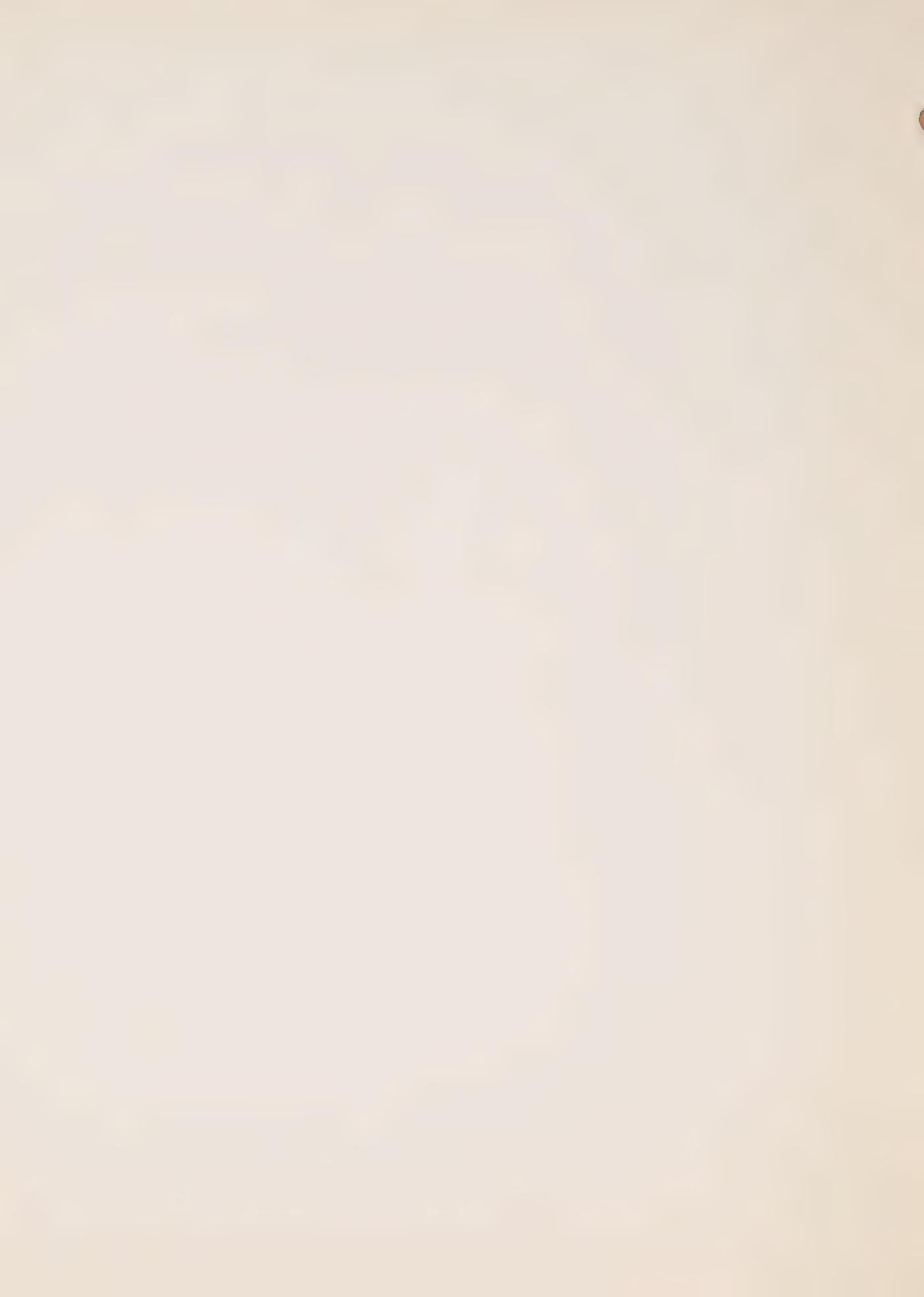
| SITC No. | Item | 1963 | | | 1964 | | | 1965 | | | Canada's Percent- age of Total | |
|-------------|-------------------------------|----------------------|----------------|-----------------------------------------|----------------------|----------------|-----------------------------------------|----------------------|----------------|------|-----------------------------------------|--|
| | | Total '000 U.S.\$ | | Canada's Percent- age of Total | Total '000 U.S.\$ | | Canada's Percent- age of Total | Total '000 U.S.\$ | | | | |
| | | From World | From Canada | | From World | From Canada | | From World | From Canada | | | |
| 0 | Food and live animals | 1,263,511 | 18,011 | 1.43 | 1,303,404 | 9,826 | 0.75 | 1,571,002 | 25,089 | 1.60 | — | |
| 1 | Beverages and tobacco | 60,398 | 105 | 0.17 | 51,617 | 114 | 0.22 | 39,598 | — | — | — | |
| 2 | Crude materials excl. fuels | 1,521,756 | 35,891 | 2.36 | 1,485,952 | 33,224 | 2.24 | 1,565,829 | 39,945 | 2.55 | — | |
| 3 | Mineral fuels, etc. | 922,325 | — | — | 1,017,786 | — | — | 1,155,703 | — | — | — | |
| 4 | Animal, vegetable oil, fat | 148,898 | 164 | 0.11 | 72,019 | 236 | 0.33 | 72,099 | 435 | .60 | 47 | |
| 5 | Chemicals | 432,956 | 2,129 | 0.49 | 461,089 | 2,057 | 0.45 | 481,943 | 1,939 | .40 | — | |
| 6 | Basic manufactures | 1,328,340 | 19,727 | 1.49 | 1,170,284 | 15,015 | 1.28 | 1,077,919 | 16,439 | 1.53 | — | |
| 7 | Machines, transport equipment | 1,563,034 | 5,606 | 0.36 | 1,353,854 | 6,477 | 0.48 | 1,091,523 | 5,051 | 0.46 | — | |
| 8 | Misc. manufactured goods | 258,804 | 2,610 | 1.00 | 271,802 | 684 | 0.25 | 254,392 | 2,332 | 0.92 | — | |
| 9 | Goods not classified by kind | 39,164 | 215 | 0.55 | 43,493 | 212 | 0.49 | 37,249 | — | — | — | |
| | TOTAL | 7,539,186 | 84,458 | 1.12 | 7,231,300 | 67,845 | 0.94 | 7,347,257 | 91,230 | 1.24 | — | |

Note: — not applicable.

Source: United Nations, Commodity Trade Statistics, 1963-1965.

On the other hand, Canada purchases a wide variety of products from Italy which include, cheese, fruits, grape wines, machine tools and machinery, office equipment, textiles, boots, shoes and others.

Various typical Italian food products enjoy a good market in Canada and Italian handicraft articles are becoming increasingly popular.



CANADIAN IMPORTS OF SELECTED COMMODITIES FROM ITALY 1964 - 1965

| <u>Class No.</u> | <u>Commodities</u> | 1964 \$000's | 1965 \$000's | 1966 \$000's |
|------------------|--------------------------------------------|-----------------|-----------------|-----------------|
| 5139 | Cheese | 2,221 | 2,467 | 1,753 |
| 7612 | Cherries in liquid preser not canned | 937 | 1,312 | 1,231 |
| 7659 | Fruits in liquid preser not canned N.E.S. | 137 | 167 | 169 |
| 8140 | Filberts, not shelled | 347 | 258 | 204 |
| 9893 | Tomatoes, canned N.E.S. | 975 | 1,035 | 769 |
| 10499 | Sugar prep and confectionery N.E.S. | 168 | 166 | 172 |
| 17230 | Grape wines, still | 2,113 | 2,333 | 926 |
| 20120 | Calf and kip skins | 605 | 362 | 477 |
| 21950 | Broom corn | 82 | 156 | 52 |
| 24249 | Wool noils | 198 | 141 | 219 |
| 33555 | Plywood, hardwood, 1/8 inch or less | 158 | 156 | 31 |
| 36619 | Rayon yarn, viscose or acetate | 136 | 713 | 492 |
| 36639 | Nylon yarn | 3,230 | 3,546 | 924 |
| 37149 | Broad woven fabrics, silk N.E.S. | 288 | 413 | 575 |
| 37203 | Woollen fabrics all wool 12 oz or over | 278 | 372 | 409 |
| 37208 | Woollen fabrics all wool 9 oz and less | 443 | 331 | 355 |
| 37218 | Worsted fabrics all wool 9 oz and less | 337 | 379 | 542 |
| 37519 | Rayon broad woven fabrics | 645 | 726 | 670 |
| 37708 | Woollen fabrics wool mixture 9 oz and less | 666 | 493 | 206 |
| 37739 | Broad woven fabrics wool mixture N.E.S. | 194 | 310 | 257 |
| 37769 | Rayon mixture broad woven fabric N.E.S. | 1,081 | 1,354 | 1,218 |
| 38619 | Embroidered and ornamented fabric | 100 | 201 | 269 |
| 39340 | Olive Oil | 374 | 268 | 435 |
| 40099 | Chemical elements N.E.S. | 171 | 285 | 306 |
| 42324 | Vinyl chloride resins | 994 | 1,054 | 687 |
| 43149 | Motor Gasoline N.E.S. | 195 | 187 | - |

| <u>Class No.</u> | <u>Commodities</u> | 1964 \$000's | 1965 \$000's | 1966 \$000's |
|------------------|------------------------------------------------|-----------------|-----------------|-----------------|
| 44405 | Concrete reinforced bars carbon steel | 2,319 | 3,264 | 11 |
| 44620 | Struct shape steel intermediate N.E.S. | 266 | 356 | - |
| 47108 | Marble, shaped or dressed | 594 | 654 | 557 |
| 47306 | Colourless sheet glass over 34 oz | 921 | 1,004 | 456 |
| 49272 | Shoe findings N.E.S. | 99 | 119 | 119 |
| 51032 | Winches, windlasses and parts | 10 | 20 | 38 |
| 52303 | Metal boring drilling machy and parts | 101 | 283 | 546 |
| 52309 | Metal milling machines and parts | 162 | 972 | 675 |
| 52612 | Offset, lithographing presses and parts | 307 | 268 | 166 |
| 52732 | Weaving machinery and parts | 14 | 197 | 9 |
| 52740 | Knitting machinery and parts N.E.S. | 116 | 540 | 123 |
| 52932 | Plastics Industry machinery and parts | 267 | 578 | 832 |
| 52936 | Chemical pharm prod machinery and parts N.E.S. | 56 | 840 | 17 |
| 55199 | Tractors and parts and attachments N.E.S. | 985 | 1,365 | 1,688 |
| 58125 | Closed sebans, new | 289 | 1,136 | 1,929 |
| 58739 | Motorcycles, side cars and parts | 399 | 701 | 979 |
| 61120 | Bicycle parts and accessories N.E.S. | 143 | 174 | 101 |
| 65582 | Refrigeration compressor units | 277 | 446 | 381 |
| 67219 | Faucets tub-fillers showers and comb | 245 | 259 | 204 |
| 68199 | Electric lighting fixtures and parts N.E.S. | 137 | 258 | 293 |
| 74012 | Furniture, wooden, house hold, not uphol | 225 | 241 | 282 |
| 75865 | Scissors, shears and trimmers | 140 | 158 | 155 |
| 77108 | Adding machines and parts | 1,034 | 1,937 | 1,542 |
| 77115 | Calculating machines and parts | 2,405 | 1,408 | 4,244 |
| 78465 | Suits and dresses, knitted | 1,752 | 1,954 | 2,515 |
| 78471 | Sweaters cardg knit wool women & girls | 2,344 | 1,603 | 1,632 |

| <u>Class No.</u> | <u>Commodities</u> | 1964 \$000's | 1965 \$000's | 1966 \$000's |
|------------------|------------------------------------------------|-----------------|-----------------|-----------------|
| 78499 | Outerwear, knitted N.E.S. | 526 | 471 | 504 |
| 78639 | Headsquares and kerchiefs | 358 | 230 | 191 |
| 78680 | Gloves and mittens, leather | 905 | 990 | 934 |
| 78952 | Womens handbags and purses | 406 | 373 | 395 |
| 79012 | Boots and shoes mens and boys last made pair | 1,707 | 1,661 | 1,660 |
| 79014 | Boots and shoes women and girls last made pair | 2,558 | 2,449 | 3,018 |
| 79016 | Boots and shoes child infants last made pair | 242 | 307 | 354 |
| 81017 | Jewellery of precious metal | 245 | 247 | 367 |
| 84418 | Wilton carpet in rolls, wool and hair sq ft. | 442 | 742 | 495 |
| 84601 | Bedspreads, textile | 393 | 424 | 643 |
| 86732 | Art and decorative ware N.E.S. | 422 | 394 | 348 |
| 87299 | Antibiotics for human use N.E.S. | 260 | 178 | 148 |
| 88036 | Spectacles and eyeglasses, complete | 673 | 673 | 601 |
| 89129 | Magazines and periodicals N.E.S. | 129 | 258 | 226 |
| 90204 | Ball point pens | 4 | 137 | 332 |
| 91523 | X-Ray film, unexposed | 314 | 381 | 191 |
| 91539 | Unexposed photographic film N.E.S. | 124 | 435 | 173 |
| 92176 | Accordions, concertinas and parts | 587 | 559 | 562 |
| 94915 | Prefabricated structure and parts N.E.S. | 512 | 1,066 | 4,755 |
| 96169 | Metal end products N.E.S. | 108 | 112 | 162 |
| 97010 | Import packing re-usable or unclas | 174 | 137 | 90 |
| 97075 | Shipments of less than \$200 each | 565 | 881 | 1,563 |
| | | Others | 23,129 | 27,255 |
| | | Grand Total | 67,463 | 80,280 |
| | | | | 86,718 |

Of Italian exports to Canada, 1963 - 1965, the biggest was the group "Beverage and ^{Tobacco} talago", followed by the group "Animal, vegetable oil, fat" and the group "Miscellaneous manufactured goods".

Canadian share in percentage of Italian total exports, 1963 - 1965, was as follows:

| | |
|------|-------|
| 1963 | 0.98% |
| 1964 | 1.00% |
| 1965 | 1.01% |

The table below shows Italy's exports to all countries and to Canada, total and percentage of total:
(thousand U.S. dollars)

| SITC No. | Item | 1963 | | | 1964 | | | 1965 | | | Canada's Percent- age of Total |
|-------------|-------------------------------|----------------------|--------------|-----------------------------------------|----------------------|--------------|-----------------------------------------|----------------------|--------------|-----------------------------------------|-----------------------------------------|
| | | Total '000 U.S.\$ | | Canada's Percent- age of Total | Total '000 U.S.\$ | | Canada's Percent- age of Total | Total '000 U.S.\$ | | Canada's Percent- age of Total | |
| | | To World | To Canada | | To World | To Canada | | To World | To Canada | | |
| 0 | Food and live animals | 610,368 | 6,852 | 1.12 | 627,655 | 6,219 | 0.99 | 765,884 | 6,284 | 0.82 | 1 |
| 1 | Beverages and tobacco | 77,900 | 1,167 | 1.50 | 77,465 | 1,757 | 2.27 | 83,764 | 1,890 | 2.26 | 1 |
| 2 | Crude materials, excl. fuels | 184,356 | 1,495 | 0.81 | 226,117 | 1,713 | 0.76 | 237,004 | 1,302 | 0.55 | 1 |
| 3 | Mineral fuels, etc. | 278,228 | -- | -- | 300,877 | 511 | 0.17 | 392,183 | 108 | 0.03 | 1 |
| 4 | Animal, vegetable oil, fat | 10,659 | 173 | 1.62 | 14,746 | 339 | 2.30 | 13,909 | 261 | 1.88 | 1 |
| 5 | Chemicals | 385,115 | 2,844 | 0.74 | 489,172 | 2,886 | 0.59 | 604,555 | 2,591 | 0.43 | 1 |
| 6 | Basic manufactures | 1,082,223 | 13,823 | 1.28 | 1,363,062 | 17,663 | 1.30 | 1,719,435 | 24,557 | 1.43 | 1 |
| 7 | Machines, transport equipment | 1,570,003 | 7,164 | 0.46 | 1,846,245 | 10,212 | 0.55 | 2,177,379 | 17,281 | 0.79 | 1 |
| 8 | Misc. manufactured goods | 817,621 | 15,164 | 1.85 | 962,638 | 17,902 | 1.86 | 1,106,797 | 17,856 | 1.61 | 1 |
| 9 | Goods not classified by kind | 30,080 | 105 | 0.35 | 48,318 | 210 | 0.43 | 87,129 | 168 | 0.19 | 1 |
| | TOTAL | 5,046,583 | 48,787 | 0.97 | 5,956,295 | 59,412 | 1.00 | 7,188,039 | 72,298 | 1.01 | 1 |

Note: -- not applicable.

Source: United Nations, Commodity Trade Statistics, 1963-1965.

Based on Italy's accelerated industrial development, and the higher level of Italian economic activity, Italy now represents a growing market for Canadian goods assuming they are always competitive in every way. Italy's healthy balance of payments, increasing level of output, rising standard of living makes for a bright picture as regards Italian-Canadian trade opportunities. In addition to this, increasing consumer demand cannot be satisfied by domestic production alone.

Among the Canadian products in which Italian importers are interested are: chemicals, metals, asbestos, special machinery, lumber, wood pulp, feed grains, oil seeds, some kinds of fish, skimmed milk powder for animal feed, and various manufactured goods. With the flourishing super-markets springing up in various cities in Italy (Supermarkets Italiani) are appearing new export possibilities for us. In Italy there has recently been a demand for the cheaper, quickly built types of construction, such as pre-fabricated houses.

Canadian breeding cattle have good possibilities in the Italian market. At the 69th International Agricultural Fair in Verona held in March 1967, the Holstein - Frisian Association of America, did immediate sales of cattle of \$288,000. Additional exhibit-generated sales of cattle are expected to reach \$1 million (1).

Italian industry plans to spend abroad 9 million lire over 1967-1969 period for new plants and equipment. Despite quality machinery and equipment, there are possibilities of exports of advanced Canadian machinery and equipment to Italy.

(1) SOURCE: U.S. Foreign Agriculture.

Though Italy has been in the past mainly a market for Canadian bulk foodstuffs and raw materials, recent years have seen the importation of precision instruments, electronic devices, aircraft components and such other manufactured goods as household products, toys and games, hand tools, sporting goods and heating and air conditioning equipment.

Foreign market surveys indicated that the Italian market has good sales potential for automotive maintenance, machine tools, production equipment for the electronic industry, medical and dental equipment, catering and food processing equipment, industrial fasteners, industrial process controls, packaging machinery, data processing equipment, boating, photography, housewares, metal finishing equipment, laboratory equipment and chemical processing equipment.

It is estimated that by 1975 Italy will be importing yearly over 3.5 million metric tons of corn, barley, rye, oats, etc., although domestic production will be up. At present Italy imports more than two million tons of feed grains at the current rates it is likely that imports will exceed that estimate before 1975.

"Invisibles" play a substantial role in Italy's earnings of Canadian dollars. Major sources of Italian invisible earnings are shipping, the growing number of Canadian tourists in Italy, and the more rapidly increasing flow of immigrants' remittances from Canada to dependants in Italy.

15. Balance of Trade.

Italian exports and imports and balance of trade, 1956-1964, in million of U. S. dollars were as follows: (1)

| <u>YEAR</u> | <u>IMPORTS c.i.f.</u> | <u>EXPORTS f.o.b.</u> | <u>BALANCE</u> |
|-------------|-----------------------|-----------------------|----------------|
| 1956 | 3,175 | 2,145 | -1,030 |
| 1957 | 3,674 | 2,552 | -1,122 |
| 1958 | 3,216 | 2,577 | - 639 |
| 1959 | 3,369 | 2,913 | - 456 |
| 1960 | 4,725 | 3,648 | -1,077 |
| 1961 | 5,223 | 4,183 | -1,040 |
| 1962 | 6,056 | 4,666 | -1,390 |
| 1963 | 7,590 | 5,055 | -2,535 |
| 1964 | 7,231 | 5,956 | -1,275 |
| 1965 | 7,380 | 7,200 | - 180 |
| 1966 | 8,568 | 8,028 | - 540 |

In the last few years Italy has had a constant foreign trade deficit. The Italian Government is giving top priority to reducing the foreign trade deficit. It has initiated measures to increase agricultural production, limit internal consumption of durable goods and promote Italian exports.

The tourist business and other invisible earnings more than offset the merchandise deficit, so that Italy's payment surplus of roughly \$675 million, will lead Italian hard currency reserves to a respectable high.

SOURCE: United Nations Statistical Data.

16. Balance of Payments

The balance of payments is the faithful mirror of the economic transactions affecting the international economic position of a country.

The process of balance of payments adjustment in Italy was made more flexible by variations in the volume of foreign bank credit. The foreign bank credits helped to raise the level of Italian reserves in the deficit period and to lower it in the surplus period.

The improvement in the Italian balance of payments was slow during the first five years after the Second World War, because Italy had to pay for its imports of raw materials and of capital goods with substantial net borrowing and direct investment from abroad.

The strong rise in exports progressively reduced the current deficit of the balance of payments and transformed it to a large surplus during the last years. Beginning with 1962 Italian balance of payments has been seriously upset by an excessive economic growth and the development of strong inflationary tendencies.

The 1964 balance of payments surplus was even higher than the optimistic forecast of U.S. \$700 million, having come to \$777.4 million - compared with a deficit of U.S. \$1,244 million in 1963. This was in part possible because of the increase in exports in 1964 to \$5.96 billion, or 17.8% higher than in 1963, and the fall in imports by 4.7% to \$7.23 billion.

The Italian balance of payments, by reason of the reduction in the trade deficit and increase of certain surplus items as: freights, tourism, emigrants remittances etc. closed in 1965 with a surplus.

Italy's Balance of Payments Surplus in 1966 totaled the equivalent of \$695.6 million, sharply contracted from \$1594 million in 1965, which had been the highest ever.

The Italian balance of payments, 1964-1965, was as follows (billion lire):

| ITEMS | 1964 | 1965 |
|----------------------------------------------------------------|---------|-----------|
| CURRENT ITEMS | + 203.9 | + 1,017.9 |
| Goods (exports and imports cif) | - 832.4 | - 296.5 |
| Freights | + 207.8 | + 226.1 |
| Foreign travel | + 516.7 | + 663.5 |
| Emigrants' remittances | + 344.4 | + 421.7 |
| Income from investment. | - 61.5 | - 55.3 |
| Other services | + 52.1 | + 39.1 |
| Travelling items, adjustments, arbitration (balance) | + 40.1 | - 24.1 |
| Government transactions | + 36.7 | + 43.4 |
| CAPITAL ACCOUNT | + 279.8 | - 21.5 |
| Private. | + 270.2 | - 60.1 |
| Public | + 9.6 | + 38.6 |
| TOTAL | + 483.7 | + 996.4 |

SOURCE: Bank of Italy

Italian official gold and foreign exchange reserves at the end of fourth quarter were as follows:

| | |
|------|--------------------------------|
| 1964 | 3,824 million of U. S. dollars |
| 1965 | 4,415 million of U. S. Dollars |
| 1966 | 4,566 million of U. S. dollars |

Such reserves are still ample to meet the trading needs of the country.

17. Economic Trade Policy

The first Italian Economic Plan, originally developed in 1964 and designed to run for the five years, 1965 - 1969, had to be rolled over because of political difficulties in getting it off the ground and it now covers the period 1966 - 1970.

The basic objective of the 1966 - 1970, plan is to achieve an annual growth of at least 5% in national income in order to achieve full employment by 1970. New jobs are to be found in industry for 1½ million people most of them for people leaving agriculture.

In the Five Year Plan, 1966 - 1970, industrial production is scheduled to rise by 7% yearly, agriculture by 2.85%, services by 4.15%, construction by 2.7% and public administration by 3.65%.

In March 1967 Italian Chamber of Deputies, approved this Five Year Plan.

Immediately after the Second World War, most imports into Italy needed a licence. Only certain imports from OECD countries were free. Payments were carried out according to payment agreements or in convertible currencies. In 1950 liberalization of imports began in Italy.

As Italy has practically no natural resources, the need for supplies from abroad accelerated the process of import liberalization. In the process of liberalization, priority was given to essential goods.

Nowadays, a strong influence on Italian trade policy arises from its membership in the Common Market. Italy is also a member of GATT

and there are only a few quantitative restriction on imports.

Italy is a relatively high-duty country. Except for raw materials, nearly all of which are admitted duty free, imports of most industrial products from the countries outside of EEC are dutiable at rates ranging 4% to 20% ad valorem. There is also an equalization import tax, commensurate with the sales tax paid during the manufacturing process of similar items made in Italy and various other customs charges.

17a. Investment

In the past 10 years, foreign investment has been flowing into Italy at a steadily rising pace. The Italian Government looks favourably on foreign investment and grants special guarantees for the repatriation of foreign capital and profits.

According to the Italian Statistical Data, Investment of Foreign Capital in Italy from 1956 to 1965, by economic sectors (in thousands of millions lire) were as follows:

| ECONOMIC SECTOR | Period 1956-1964 | 1965 | Total |
|--------------------------------------|------------------|--------|---------|
| Oil and mining | 171.400 | 16.144 | 187.544 |
| Mechanical & electromechanical | 30.900 | 11.689 | 42.589 |
| Foodstuffs | 13.300 | 7.833 | 21.133 |
| Paper | 12.300 | 0.950 | 13.250 |
| Metallurgy, iron & steel | 27.300 | 0.883 | 28.183 |
| Rubber | 14.300 | 0.500 | 14.800 |
| Chemico-pharmaceutical | 78.300 | 4.480 | 82.780 |
| Agricultural | 2.600 | 0.002 | 2.602 |
| Clothes and textiles | 4.900 | 0.320 | 5.220 |
| Hotels (Tourism) | 25.900 | 1.573 | 27.473 |
| Building | 6.300 | 0.299 | 6.599 |
| Wood | 0.400 | 0.495 | 0.895 |
| Ship-building | 5.800 | 0.540 | 6.340 |
| Glass industry | 4.700 | — | 4.700 |
| Various | 10.900 | 0.587 | 11.487 |
| Total | 409.300 | 46.295 | 455.595 |

The Canadian share of total Italian investment, 1965, was 0.97%.

The distribution of Investment of Foreign Capital in Italy, from 1956 to 1965, by country of origin (in thousands of millions of lire) were as follows:

| COUNTRY | Period 1956-1964 | 1965 | Total |
|-----------------------|------------------|--------|---------|
| Austria | — | 0 246 | 0 246 |
| United States | 139 700 | 24 356 | 164 056 |
| Great Britain | 80 400 | 4 051 | 84 451 |
| Germany | 70 900 | 2 955 | 73 855 |
| Switzerland | 61 500 | 8 300 | 69 800 |
| Panama | 11 100 | — | 11 100 |
| Belgium | 3 400 | 0 898 | 4 298 |
| France | 12 300 | 3 170 | 15 470 |
| Venezuela | 4 400 | 0 010 | 4 410 |
| Canada | 3 500 | 0 935 | 4 435 |
| Holland | 14 100 | 0 096 | 14 196 |
| Japan | — | 1 278 | 1 278 |
| Other countries | 8 000 | — | 8 000 |
| <i>Total</i> | 409 300 | 46 295 | 455 595 |

As regards the subdivision of the investments according to the different regions of Italy, those areas that benefited chiefly were, in order, Lombardy, Piedmont, Venezia Giulia, Lazio, Sicily, Campania and Tuscany.

The economic sectors that have chiefly benefited from foreign investments are: oil and mining, chemico-pharmaceutical, mechanical and electromechanical and tourism.

As regard the countries of origin most of the investment came from the United States, followed by Great Britain, Germany and Switzerland.

It is interesting to note that private outgoing Italian foreign investment at the end of 1962, was 30.15 percent of the value of incoming private foreign investment in Italy. The Canadian share of private incoming foreign investment was 1.95% of the total.

The distribution of Italian investment and aid abroad, according to the Italian Foreign Exchange Office, by recipient country, on December 31, 1962 was as follows:

NOTE: According to the Foreign Trade Institute, Foreign Investments in Italy totalled 7.8 billion lire (\$12.48 million) in the first 1967 quarter against 11 billion lire (\$17.6 million) in the corresponding 1966 period.

| <u>RECIPIENT COUNTRY</u> | <u>U.S. \$-millions</u> |
|-----------------------------|-------------------------|
| Europe: | |
| Austria | 31.7 |
| Benelux | 40.1 |
| France | 119.7 |
| Germany, F. R. | 54.9 |
| United Kingdom | 40.1 |
| Switzerland | 81.2 |
| Spain | 37.2 |
| Other European countries | 29.1 |
| Western Hemisphere: | |
| United States | 149.6 |
| Canada | 20.2 |
| Other American countries | 221.0 |
| Africa | 138.9 |
| Asia | 37.2 |
| Oceania | 6.8 |
| International Organizations | <u>29.2</u> |
| TOTAL | 1,036.9 |

According to the Annual Reports of the International Monetary Fund, the flow of Italian investment in 1963, in millions of dollars was as follows:

| | |
|------------|--------------|
| Outflow | 115 |
| Inflow | <u>1,240</u> |
| Net inflow | \$1,125 |

According to the official estimates, over-all foreign direct investment accounts for a mere 5% of all investments in the Italian economy.

According to the Italian Institute for Foreign Trade, total foreign investment in Italy in 1966 reached \$91.1 million, and came chiefly from the United States (\$59.8 million), Switzerland (\$13 million), United Kingdom (\$4.3 million), Belgium (\$2.8 million) and France (\$2.7 million) (1).

NOTE: (1) Exchange rate of lire to U.S. Dollars in December 1966 was 624.45. (Source: International Monetary Fund).

17b. Licensing.

During 1960 foreign firms and individuals drew from Italy \$48 million in royalties and fees for patents, trademarks, copyrights, technical and similar assistance.

A serious drawback to licensing in Italy is the fact that transfers of trademarks, patents, blueprints, etc are not considered investment and are not covered by Law No. 43, which guarantees repatriation of capital and earnings of foreign investors.

A company wishing to assign its patent should apply to a patent agency or attorney operating in Italy. The duration of assignment should not exceed the 15 year period established for the protection of Italian patents. Registration with the Italian Patent Office represents the legal title not only for protection of the patent but for transfer of royalties accruing from it.

18. Conclusions

Italy's present economic problems are not unusual for a country that has been industrializing fast. The boost given to consumption with rising level of living in Italy, has temporarily outrun the capacity for increased production and the gap has been filled by a massive increase in imports.

According to a Survey made by the Bank of Italy in 1965, 7% of total personal income in Italy was spent for durable goods: Automobiles accounted for over two thirds of all expenditures for consumer durable goods, while 450 billion lire was spent for electrical appliances, furniture, sewing machines and motorcycles.

Government and privately - planned investment programmes will have a big influence on the Italian economy in general. Investment in Italy will probably shift toward modernization of plant and equipment with the purpose of cutting production costs.

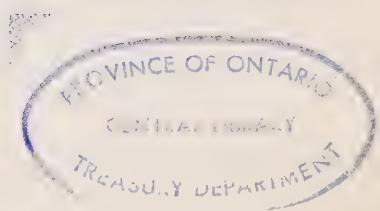
Plant modernization in Italy is imperative if competition on international and especially European levels is to be maintained, in view of the lowering of customs tariffs and the pressure of wage improvement.

In the agricultural sector, in spite of Italian efforts to promote its agricultural production it seems clear that Italy will be dependant on imports of certain agricultural products to finance these imports, Italy must augment its exports in all sectors.

One of the principal objectives of Italian economic policy is to promote an increase in productivity with a view to giving the domestic labour force reasonable prospects of high employment. But, as the Italian economy approaches full employment, there is a risk of another "wage explosion" comparable to that of 1961 - 1964. 1965 was the first time that the Italian economy reached full employment conditions in the post-war period.

Inflation in Italy is becoming a very real problem. Internally, inflationary pressures are mounting steadily, while externally the trade deficit has cut into Italian gold and foreign exchange reserves.

In general Italy's new economic expansion has a solid base, embracing almost all sectors of the economy. Nowadays the Italian economy is firmly supported by strong foreign demands and solid domestic consumption.



ERRATA

Page 25 - Section 10 - Electricity
Paragraph 2, line 1
"Because of Italy's geographical position..."

Page 49 - Line 2
"Beverage and tobacco"

Date Due



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